Nos. 2016-1592, -1593

In the
United States Court of Appeals
for the Federal Circuit

JOHN D'AGOSTINO,

Appellant,

v.

MASTERCARD INTERNATIONAL INCORPORATED,

Appellee.

Appeal from the United States Patent and Trademark Office,
Patent Trial and Appeal Board in Nos. IPR2014-00543 and IPR2014-00544.

BRIEF OF APPELLANT JOHN D'AGOSTINO

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UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

John D'Agostino v. Mastercard International Inc.

Case No. 16-1592,-1593

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INTRODUCTORY STATEMENT

Appellant/Patent Owner John D'Agostino respectfully seeks reversal of IPR decisions of the Patent Trial and Appeal Board ("PTAB") canceling all claims of U.S. Patent Nos. 7,840,486 (the "'486 Patent") and 8,036,988 (the "'988 Patent"). The PTAB used a prior art patent to Cohen to find anticipation and obviousness. But by then, the Central Reexamination Unit ("CRU") had ruled, using sound reasoning, that Cohen did not invalidate. Even Appellee MasterCard admits that this now means the Court confronts "diametrically opposed" decisions on the same evidence by the same agency. (Appx5361-5362). The PTAB explained this aberration by boasting of its access to more evidence than the CRU had. But the final written decisions pointed to no such extra evidence.

The PTAB final written decisions created this problem because they used the wrong claim construction, while the CRU did not. The PTAB rejected both sides' constructions for the most important claim terms, unveiling new ones for the first time in the final written decisions. These *sua sponte* constructions contradicted the intrinsic evidence – including Patent Owner and examiner prosecution statements – while improperly construing the claims with the aim of reading on the prior art. This Court has rejected the PTAB's methodology multiple times. This Court should reverse.

I. STATEMENT OF RELATED CASES

Under Federal Circuit Rule 47.5, one case might directly affect or be affected by this Court's decision.

- *John D'Agostino v. Mastercard Inc., et al.,* Civil Action No. 1:13-cv-00738 (D. Del.)

II. JURISDICTIONAL STATEMENT

This is an appeal from two inter partes review ("IPR") proceedings of the Patent Trial and Appeal Board ("PTAB"), IPR2014-00543 and IPR2014-00544. Appellant appeals the finding in IPR2014-00543 that claims 1-10, 15-25, 27-33, and 35-38 of U.S. Patent No. 8,036,988 are unpatentable under 35 U.S.C. § 102(e) as anticipated by U.S. Patent No. 6,422,462 to Cohen, and that claims 11-14, 26, and 34 are unpatentable under 35 U.S.C. § 103(a) as obvious over Cohen and U.S. Patent No. 5,826,243 to Musmanno. Appellant appeals the finding in IPR2014-00544 that claims 1-15 and 22-30 of U.S. Patent No. 7,840,486 are unpatentable under 35 U.S.C. § 102(e) as anticipated by Cohen, and that claims 16-21 are unpatentable under 35 U.S.C. § 103(a) as obvious over Cohen and Musmanno. The Board issued its decision from both IPR proceedings on August 31, 2015 (Appx1-26; Appx27-50). John D'Agostino ("Mr. D'Agostino") timely filed a Notice of Appeal from both proceedings to this Court on January 8, 2016 (Appx5883-5887; Appx8801-8805). This Court has jurisdiction over this appeal from a final agency

action (the United States Patent and Trademark Office, or USPTO) under 28 U.S.C. § 1295(a)(4)(A) and 35 U.S.C. § 141(c).

III. STATEMENT OF THE ISSUES

1. Whether the PTAB erred as a matter of law in construing certain patent claims in a manner that led it to conclude that the Cohen prior art anticipates some claims, and renders others obvious in combination with another item of prior art.

2. Whether the PTAB lacked substantial evidence that Cohen discloses certain claim limitations, and therefore erred in its anticipation and obviousness holdings.

IV. STATEMENT OF THE CASE

As explained in detail below, this appeal turns mainly (but not exclusively) on whether the PTAB erred in its construction of certain claim terms that call out either a "single merchant limitation" requirement or a "one or more merchants limitation" requirement. Appellant and numerous examiners previously found the intrinsic record to support a scope for these claims that they must involve, first, a ***blank*** placeholder in a data structure for a particular merchant that has not been identified (or for a quantity of merchants, where none has been identified), and then, populating the blank in that data structure with the identity of a particular merchant (or merchants). The PTAB instead contradicted the conclusions of every

skilled patent examiner who had previously come to a final conclusion on the issue, including the "best of the best" within the Central Reexamination Unit. It held that the claims cover pre-identified merchants (*i.e.*, something totally different from defining a blank placeholder, followed by filling in the placeholder with an identity). The PTAB's *sua sponte* eleventh hour construction is nothing less than a grammatical train wreck. As will be discussed below, as phrased by the PTAB, a single merchant can be identified before the same merchant is identified – an impossible outcome that is logically contradictory, circular, and nonsensical.

A. Overview of the '486 and '988 Patents

The '486 Patent and '988 Patent are both entitled, "System and Method for Performing Secure Credit Card Transactions." The specifications of the '486 Patent and the '988 Patent are identical, with the exception of minor corrections. Both patents claim priority to January 15, 1999. The '988 Patent is a continuation of the '486 Patent.

The Patents disclose a system and method of performing secure credit card purchases. A customer communicates with a custodial authorizing entity, such as a credit card company or issuing bank. The customer supplies the custodial authorizing entity with the account identification data such as the credit card number and a requested one of a possible plurality of predetermined payment categories that define parameters for authorization by the custodial authorizing

entity. (Appx58; Appx71). The custodial authorizing entity then generates a transaction code communicated exclusively to the customer wherein the customer in turn communicates only the transaction code to the merchant instead of a credit card number. (Appx58; Appx71). The elimination of the need to disclose an active credit card number during a merchant transaction establishes transaction security. Figure 1 shows a schematic representation of a flow chart of various steps involved in the performance of the system and method:

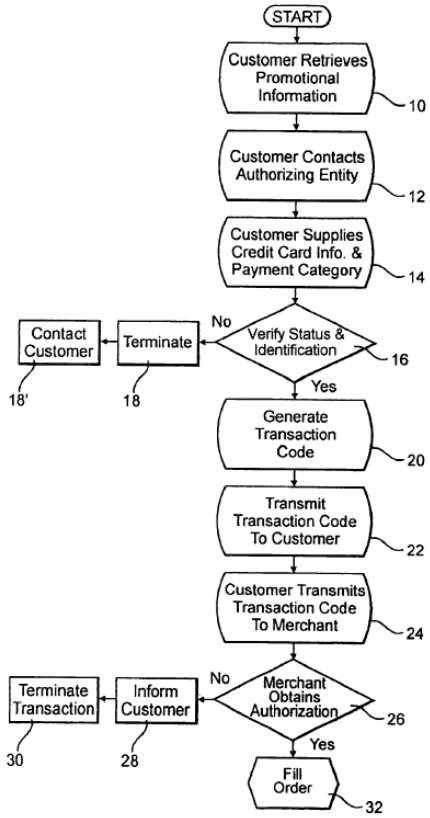

FIG. 1

A customer may commence using the system and method while viewing a product, either in person or by electronic techniques. The customer then (12)

contacts a custodial authorizing entity. (Appx65; Appx78). The customer (14) supplies appropriate identification data to inform the custodial authorizing entity of a specific customer's credit card account and "payment category." (Appx65; Appx78). The custodial authorizing entity (16) verifies the credit card status and account identification of the customer to determine the viability of the account. (Appx65; Appx78). If the accessed credit card account is not in good standing, the custodial authorizing entity will permanently or temporarily terminate the transaction as at 18 and/or communicate to the customer directly as at 18' by any applicable means for purposes of informing the customer of the unacceptable status of the accessed credit card account. (Appx65; Appx78). If the credit card account is in good standing (20), the custodial authorizing entity generates a transaction code indicative of the original credit card account and selected "payment category," and transmits it to the customer (22). (Appx65; Appx78). The customer then transmits it to the merchant (24). (Appx65; Appx78). The merchant (26) obtains authorization from the custodial authorizing entity. (Appx66; Appx79). If the transaction code is refused verification, the customer may be informed directly by the merchant (28) and/or the transaction may be terminated (30). (Appx66; Appx79). Assuming verification of the transaction code by the custodial authorizing entity, the merchant proceeds to consummate the purchase and fill the order (32). (Appx66; Appx79).

1. Specification Support for the "Single" and "One or More" Merchant Restrictions Within a Payment Category

The main dispute in these proceedings centered on a data structure crucial for the practice of the system and method described above – the "payment category." An important feature of the invention is the ability of the custodial authorizing entity and/or a processing computer of the custodial authorizing entity to issue a transaction code in accordance with the payment category. (Appx66; Appx79). The payment categories may define a variety of different types of transactions. Such transactions may include a single transaction for a specific amount of a purchase to be consummated. (Appx66; Appx79). Alternatively, the payment category may include a single transaction defined by a single purchase having a maximum limit amount, or to be completed within a fixed period of time. (Appx66; Appx79). These or other payment category restrictions may include a specific merchant identification to limit use of the transaction code. (Appx66; Appx79).

But having a specific merchant identification is not the only way, since the specifications describe an alternative way (and one that became the claimed embodiments). The '988 and '486 Patents signal that the payment category may include a limitation that more than one purchase may be made from one or more different merchants, each of which may or ***may not*** be identified by the customer

and pre-coded in association with the transaction code. (Appx66, '988 Patent, 8:18-22; Appx79, '486 Patent, 8:12-16). The Patents indicate, in this section, that in some instances when a customer, or an agent of the customer (a child, guardian, or care giver) must make a number of transactions or purchases which are authorized by the customer, the customer may designate a maximum amount which can be spent utilizing a particular transaction code within a predetermined period of time, and/or can designate that only one merchant, ***whether designated or not***, can use the transaction code. (Appx66, '988 Patent, 8:27-34; Appx79, '486 Patent, 8:21-28). Therefore, a merchant need not be identified even in instances when use is limited to a single merchant or plurality of merchants.

The PTAB later expressed profound confusion over these teachings. It noted incorrectly:

> Patent Owner fails to provide us with a meaningful explanation as to how transactions are limited to a single merchant, without identifying any particular merchant. Accordingly, we determine that the "single merchant" includes the "particular merchant" without identifying the particular merchant. Absent such a relationship between the recited "single merchant" and "particular merchant," the claim language would be indefinite as ***ambiguously limiting transactions to an unidentified, particular merchant***.

(Appx11-12 (IPR2014-00543 proceeding); Appx37 (IPR2014-00544 proceeding), emphases added). The Patents conveyed no ambiguity, but rather a clear teaching. Unambiguously within the claimed embodiments, a "payment category" data

structure may be limited to an ***unidentified*** single merchant or plural merchants (*i.e.*, Appx66, '988 Patent, 8:20-21 ("each of which may or ***may not*** be identified by the customer," and 8:33-34, "can designate that only one merchant, ***whether designated or not***, can use the transaction code"). And in any case, the same panel had previously observed, while denying institution of CBM proceedings (discussed below), that the relevant claim wording was not indefinite. (Appx10480-10481, CBM2013-00057, Decision Denying Institution of Covered Business Method Patent Review, at 10-11).

Because the embodiments of the '486 and '988 Patents do not require a particular merchant to be identified prior to the generation of the transaction code (allowing a placeholder instead), the user is free to choose any merchant with whom to do a transaction. This provides flexibility to the consumer to decide which merchant or merchants can use the transaction code after a code is generated. As such, the transaction code (acting as a security token) is generated before identification of any merchant, though in one aspect it may be programmed so that only a "single" future merchant may validly use the transaction code. The customer is free to go to any store to select who will become that "single" merchant, and thus make a purchase. During original prosecution of the '486 Patent, Applicant remarked (in a passage overlooked by the PTAB):

> It is a significant advantage to have a payment category, which limits transactions to a single merchant and can be "designated" by the customer in a simple method step. ***This makes it unnecessary for the customer to communicate, in advance, to the issuing entity, or even to know in advance, the identity of the merchant.*** Eliminating the need to identify the merchant to the issuing entity, in advance, significantly simplifies the process for both the customer and the issuer. Yet the customer can still benefit from the security advantage of a transaction code that is limited to a single merchant even if the identity of that single merchant has not yet been determined. It has been shown that customers are very reluctant to adopt security measures that impair the speed, efficiency, and ease-of-use of their credit cards. A payment category that is pre-defined to limit transactions to a single merchant offers a very simple and efficient method to adopt a highly effective security measure.

(Appx1501, May 13, 2009 Applicant response, at 21, emphasis added).

2. Claim Language Reciting the "Single" and "One or More" Merchant Restrictions Within a Payment Category

The independent claims demand, as limitations, this flexibility for the consumer. The claims require that either a single merchant limitation or a plurality of merchants limitation (one or more) is included within a payment category prior to any particular merchant being identified as the single merchant or one of the plurality of merchants. The relevant claim language is:

> said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant

(Appx68, '988 Patent claim 21; Appx79-81, '486 Patent claims 1, 24, 25, 29); and

> said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants

(Appx66-68, ’988 claims 1, 17, 19, 22). In both cases (the “single merchant limitation” or “one or more merchants limitation”), no one particular merchant is identified prior to the limitation being established within the payment category. It is simply a placeholder within the data structure, although one with a strict definition and consumer-oriented purpose.

That the particular merchant is not initially identified in the above-cited portions of the claim language within the “payment category” data structure makes sense when examining the later following limitations. In the ’988 Patent claim 1, the merchant is not identified until limitation f) (“communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters”). (Appx67). This is also reflected in ’988 Patent claim 17 limitation d) (“communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters”); ’988 Patent claim 19 limitation d) (“designating a merchant as one of said one or more merchants”); ’988 Patent claim 21 limitation e) (“receiving a request to authorize payment for a purchase using said transaction code”); ’988 Patent claim 22 limitation e) (“receiving a request to authorize payment for a purchase using said transaction code”) (Appx67-68); ’486 Patent claim 1 limitation f) (“communicating said transaction

code to a merchant to consummate a purchase with defined purchase parameters"); '486 Patent claim 24 limitation d) ("communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters"); '486 Patent claim 25 limitation d) ("communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters"); and '486 Patent claim 29 limitation d) ("designating a merchant as said single merchant"). (Appx79-81). Importantly, in each case, a particular merchant does not fill the blank placeholder until the customer either designates a merchant, communicates the transaction code to the merchant, or when the custodial authorizing entity receives a request to authorize payment to a merchant for a purchase using the code.

3. Prosecution Statements Regarding the Claimed Payment Category

As already mentioned, during original prosecution of the '486 Patent, Applicant underscored that the claimed "payment category" data structure, at first, contains a placeholder for a "single merchant" that does not name who that merchant will be:

> It is a significant advantage to have a payment category, which limits transactions to a single merchant and can be "designated" by the customer in a simple method step. ***This makes it unnecessary for the customer to communicate, in advance, to the issuing entity, or even to know in advance, the identity of the merchant.*** Eliminating the need to identify the merchant to the issuing entity, in advance,

> significantly simplifies the process for both the customer and the issuer. Yet the customer can still benefit from the security advantage of a transaction code that is limited to a single merchant even if the identity of that single merchant has not yet been determined. It has been shown that customers are very reluctant to adopt security measures that impair the speed, efficiency, and ease-of-use of their credit cards. A payment category that is pre-defined to limit transactions to a single merchant offers a very simple and efficient method to adopt a highly effective security measure.

(Appx1501, May 13, 2009 Applicant response, at 21, emphasis added).

Later, on December 10, 2009, Applicant filed remarks responding to a non-final rejection. In the response, Applicant acknowledged that the Examiner was asserting that a prior art patent to Langhans teaches the single merchant limitation due to the possibility of being able to control application of certain authorization parameters based on merchant category codes. Applicant disagreed:

> It is important to note here, a single "merchant category code" (Langhans et al., column 11, lines 65-67 to column 12, lines 1-7, cited by the Office) is not the same as a "single merchant". But rather, a merchant category code is used to identify a type of merchant.

(Appx1426, December 10, 2009 Applicant Argument/Remarks Made in an Amendment, at 24). On March 29, 2010, the Examiner at first maintained the rejection to certain claims as being unpatentable. (Appx1379-1391, March 29, 2010 Final Rejection, at 7, 13, 16-17, 19). But that did not end matters. On July 26, 2010, Applicant filed another response, arguing that the "single merchant limitation" requirement is not met when a data structure contains already-known

merchants, rather than a blank placeholder for the customer to choose at a later time:

> Langhans et al. is clear a vendor must be on an approved vendor list or the transaction will be declined (col. 2, lines 50-55). In order to be included on an approved vendor list, a vendor must be identified. This is directly opposite to the recited claimed feature "prior to any particular merchant being identified as said single merchant." Moreover, there is nothing in Langhans et al. that teaches a transaction being limited to a single merchant. The Office cannot consistent with the specification of Langhans et al. read "an approved vendor list" to mean "a single merchant limitation being included in a payment category prior to any particular merchant being identified as said single merchant" as recited by the Applicant's claim 1.

(Appx1366, July 26, 2010 Applicant Arguments/Remarks, at 19, emphasis in original).

Accordingly, Applicant remained consistent in explaining that a population of one or more already-known merchants, or an already-known type of merchant, set in place at the time the payment category limitation is established, does not read on the "single merchant limitation" restriction in the claims. The Examiner eventually agreed. On September 1, 2010, the Examiner issued a Notice of Allowance, allowing issuance of the '486 Patent, because the prior art does not disclose the "single merchant limitation" requirement. (Appx1230, September 1, 2010 Notice of Allowance, at 14).

Notably in the midst of these exchanges, Applicant pointed out the Cohen reference for special consideration during the prosecution of the '486 Patent.

(Appx1644; Appx1576; Appx1497). Yet the '486 Patent Examiner did not think it a significant enough reference to use in a rejection. The Patents' cover pages confirm that the original prosecution for both Patents included consideration of the Cohen patent as prior art. (Appx59; Appx72).

Later, during prosecution of the '988 Patent, the same Examiner at first believed that U.S. Patent No. 6,000,832 to Franklin ("Franklin") disclosed the "prior to any particular merchant being identified," referencing column 9, lines 52-55, column 2, lines 9-21, column 4, lines 3-9, column 2, lines 18-37. (Appx1030-1037, '988 Patent January 14, 2011 Non-Final Rejection, at 5, 10, 12). Applicant rebutted this contention as well, arguing that "[c]ontrary to the Office's contention, Franklin requires that a particular merchant for a specific transaction to be known and identified to generate the transaction code . . . . ***Whereas, the Applicant's claimed method does not identify a merchant prior to the generation of the transaction code***." (Appx1019, March 21, 2011 Response to January 14, 2011 Non-Final Rejection, at 13). The Examiner allowed the application shortly thereafter, on April 29, 2011, finding that the Applicant's arguments were persuasive and compelling. (Appx200, April 29, 2011 Notice of Allowance, at 3).

Applicant conveyed these same understandings during *ex parte* reexamination proceedings (discussed in further detail below).

4. Analogy to Computer Programming Variable Declarations

By now it should be clear that, as used in the claims and discussed during the original prosecutions, the terms "single merchant limitation" and "one or more merchants limitation" are similar to variable declarations used in computer programming. In computer programming, when a variable is declared in a statement for use later in a program, it is not assigned any specific value. Variable declarations in computer programming serve two main purposes. The first is that the declaration associates a type and an identifier (or name) with the variable. The type allows the compiler to interpret statements correctly. Here, just like the particular value of an integer or float is not assigned to the variable upon declaration (which can be 1, 2, 10, *etc.*), neither is the particular merchant where the user will eventually use the transaction code (which can be Starbucks, Target, Wal-Mart, *etc.*). The second purpose of variable declaration is that it allows the compiler to decide how much storage space to allocate for storage of the value associated with the identifier and to assign an address for each variable in memory. In C++, integer types are reserved anywhere from 2 to 4 bytes, and float types are reserved from 4 to 8 bytes. Here, the storage space for a type is similar to the merchants being either "one or more" – a finite but predetermined plurality – of merchants, or a "single" – just one – merchant.

Much of the PTAB's confusion, discussed below, stems from its failure to recognize that the claimed "payment category" data structures were blank placeholders for merchant identity, to be instantiated later at the customer's discretion. Fortunately, not everyone at the USPTO was so confused. Just prior to the PTAB's erroneous decision, the skilled and specialized examiners of the Central Reexamination Unit ***confirmed*** the claims over the exact same prior art and arguments, and ***confirmed*** the understandings of claim scope reached during original prosecution, as discussed in the next section.

B. The First and Second Post-Grant Challenges, Using the Cohen Prior Art, Each Fail

If the discussion above were not enough, a wealth of post-grant prosecution history supports the understanding that the "single" and "one or more" merchant limitations ***exclude*** pre-identifying who will eventually become the "particular merchant." Before the IPR decisions on appeal here, Appellant secured determinations of patent validity from the USPTO over the same prior art. Initially, during original prosecution, Appellant made of record the Cohen prior art. (Appx1644). Appellant pointed to Cohen for special consideration in three separate office communications. (Appx1644, September 5, 2007 '486 Prosecution History Information Disclosure Statement; Appx1576, July 29, 2008 '486 Prosecution History 2008 Applicant Response, at 15; Appx1497, '486 Prosecution History May

13, 2009 Applicant Remarks, at 17). The Examiner considered it, and did not find it to affect patentability. (Appx1253). Then later, during *ex parte* reexamination proceedings (provoked by MasterCard itself), the highly skilled Central Reexamination Unit reconfirmed validity.

1. *Ex Parte* Reexamination of the '988 Patent Results in Confirmation of All Claims

On September 12, 2012, MasterCard (acting through a law firm) requested *ex parte* reexamination for all claims 1-38 of the '988 Patent (No. 90/012,517). (*See* Appx5397-5398, IPR2014-00543 Ex. 2002, Civil Action No. 1:13-cv-00738 (D. Del.), Def.'s Answer to Am. Compl. & Countercl., ¶47, at p. 8-9 (MasterCard admitting to demanding a below-litigation-cost license price, without which they threatened to request *ex parte* reexamination)). In the Request, MasterCard included a contention that that claims 1-38 are anticipated under 35 U.S.C. 102(e) by U.S. Patent No. 6,422,462 to Cohen, and claims 11 and 12 are obvious over Cohen in view of U.S. Patent No. 5,826,243 to Musmanno. On December 6, 2012, the USPTO denied *ex parte* reexamination, finding that the request raised no substantial new questions of patentability affecting claims 1-38 of the '988 Patent. In denying, the USPTO noted the consistency between the disputed claim language and column 8, lines 18-34 of the '988 Patent's specification:

> One of ordinary skill would find this to teach transactions to be restricted to a certain quantity of merchants, whereby the identity of

> merchant(s) could either be pre-identified or the identity of merchant(s) could be unspecified. Looking to the claim language, the words in the claim require a restriction defined as a finite number of merchants with the further requirement that the merchant(s) NOT be identified at the time of defining the category restriction.

(Appx2568, December 6, 2012 Denial of Ex Parte Reexamination, at 5 (emphasis in original)). Thus, in this passage, the USPTO comprehended perfectly well which of two mutually exclusive embodiments fall under the Patents' claims. Applying this correct understanding, the USPTO confirmed that Cohen does not anticipate:

> Cohen's restriction to "specific merchant'(s) and "particular store"(s) would cover the claim language of restricting the transaction to "one or more merchants" as part of the category restriction. However, such a category restriction clearly cannot be defined "prior to any particular merchant being identified" as claim 1 requires. Cohen's "specific merchant"(s) or "particular store"(s) necessarily requires prior specifying of those merchant identities . . . . The other independent claims 17, 19, 21, 22 have similar language to claim 1 and therefore, Cohen fails to raise a substantial new question of patentability for any of claims 1-38.

(Appx2570-2571, December 6, 2012 Denial of Ex Parte Reexamination, at 7-8 (emphasis in original)).

On January 7, 2013, MasterCard petitioned for review of the Order Denying Request for *Ex Parte* Reexamination. MasterCard argued that Cohen restricted transactions to a "specific industry" prior to generating a transaction code. (Appx2551-2552, Review of Order Denying Request for *Ex Parte* Reexamination, at 6-7). On June 7, 2013, the USPTO granted the Petition for Review. It tentatively

agreed with MasterCard's "specific industry" argument: "Cohen therefore limits a number of transactions to one or more merchants, those of a specific industry, while not identifying a [sic] particular merchant." (Appx2526, Reexam Petition Decision, at 6). The USPTO reasoned: "Limiting by industry does not necessarily identify a particular merchant." (Appx2526, Reexam Petition Decision, at 6). At that point, the USPTO petition decision surmised that since Cohen could, for example, provide a limit to clothing stores, it read on the claims of the '988 Patent. It is noteworthy that the petition decision reasoning leaves unaddressed the "single merchant limitation" restriction of claim 21, apparently in a mistaken belief that the "one or more merchants limitation" restriction of the other independent claims were all it needed to address. (Appx2524-2526, Reexam Petition Decision, at 4-6).

The petition decision meant that MasterCard's extraordinary tactic of trying to unwind a reexamination denial succeeded. The financial and title-clouding burdens of post-grant proceedings against Mr. D'Agostino and his Patents then began in earnest. On September 11, 2013, the Examiner (a different one from the one who denied reexamination) issued a Non-Final Action, rejecting claims 1-10 and 13-38 of the '988 Patent under 35 U.S.C. 102(b) as being anticipated by Cohen. Specifically, the Examiner provisionally found that "Cohen states that the card could even be customized for use in a particular store itself or a particular chain of stores (Cohen, col. 8, ll. 32-34). This is including one or more merchants

in a payment category, a particular chain of stores, prior to any particular merchant being identified." (Appx2492-2507, September 11, 2013 Reexam Non-Final Action, at 4-5, 13-14, 19). The Examiner also rejected claims 11 and 12 under pre-AIA 35 U.S.C. 103(a) as being unpatentable over Cohen. (Appx2512-2513). On November 11, 2013, Patent Owner responded to the September 11, 2013 Office Action. Patent Owner argued that claims 1-10, 13-20, 22, and 31-38 are not anticipated by Cohen.

On March 27, 2014, the Examiner maintained his position in a Final Rejection. In the Final Rejection, the Examiner cited column 8, lines 25-34 of Cohen, stating that some of the uses that the card can be customized to make the card only valid "for use for that particular type of charge (computer or hardware stores…[or] for use in a particular store itself or a particular chain of stores)." (Appx2375-2382, March 27, 2014 Final Rejection, at 7, 9, 14).

It was not until an appeal and the filing of Patent Owner's appeal brief that the new Examiner finally came to the original (correct) understanding as conveyed in the request-denial by the first CRU Examiner, and sided with Patent Owner. In his May 23, 2014 appeal brief, Patent Owner argued that claims 21 and 23-30 are not anticipated because Cohen does not disclose a payment category that at least limits transactions to a single merchant, the single merchant limitation being included in the payment category prior to any particular merchant being identified

as the single merchant. (Appx2329; Appx2330-2334). Patent Owner also argued that Cohen does not anticipate claims 1-10, 13-20, 22, and 31-38 because Cohen does not disclose a payment category that at least includes a limit to one or more merchants, the one or more merchants limitation being included in the payment category prior to any particular merchant being identified as one of the one or more merchants. (Appx2329; Appx2334-2339). Patent Owner further argued that Cohen does not anticipate claims 1-10 and 13-38 because Cohen does not disclose selecting or designating a payment category that includes limiting to either an unidentified single merchant or unidentified one or more merchants, and then subsequently generating the transaction code for use by a customer, where upon generating, the use of the transaction code is restricted according to the payment category. (Appx2329-2330; Appx2340-2342).

After this briefing, the second CRU Examiner and two conferees came to the same understanding that Cohen did not anticipate (as did all prior Examiners). In the Notice of Intent to Issue a Reexamination Certificate, the Examiner cited to 3:40-55 of Cohen, which contrasted with the contested sequence of the claimed method steps. (Appx2310-2311). The Examiner highlighted the fact that in Cohen, the customer is provided with a disposable or customized number and/or mailed, provided with, or allowed to activate a disposable or customized card for a single or a limited range use, but that the user indicated ***in advance of purchase***, what the

single use or the customized credit card number is to be used for. (Appx2310, September 12, 2014 Notice of Intent to Issue a Reexam Certificate, at 3). The Examiner, in conclusion, remarked:

> Upon further consideration the examiner agrees with appellant's argument that Cohen fails to teach that the transaction code is generated *after* the designation of the payment category and any specific criteria within the payment category. . . . The examiner agrees with Appellant's contention (AB 10-14) that Cohen does not disclose a single merchant being included in a payment category prior to any particular merchant being identified.

(Appx2311, September 12, 2014 Notice of Intent to Issue a Reexam Certificate, at 4 (emphasis in original)). When issuing the Reexamination Certificate, the Primary Examiner was John M. Hotaling II (of Art Unit 3992), and the two conferees were "C.S." and "WHC". (Appx2312, September 12, 2014 Notice of Intent to Issue a Reexam Certificate, at 5). These signees were different from those who issued the initial denial to institute reexamination, who were Jeff D. Carlson (Primary Examiner), C. Michelle Tarae (conferee) and Fred Ferris (conferee) (all of Art Unit 3992) (Appx2575, December 6, 2012 Denial of *Ex Parte* Reexamination, at 12). Thus, a total of six different Examiners within the CRU (*i.e.* Art Unit 3992) held, after reasoning and analysis, that the '988 Patent was valid over Cohen. Counting original prosecution, this meant that a total of ***seven*** USPTO examiners came to final conclusions of validity, ***all*** of whom considered validity in light of Cohen,

and ***six*** of whom were CRU examiners who explicitly addressed and rejected MasterCard's invalidity arguments.

2. The PTAB Denies Institution of CBMR Proceedings on the '486 and '988 Patents

On September 13, 2013 – during the period of time when the '988 Patent was under a non-final rejection in *ex parte* reexamination – MasterCard sought post-grant review of both Patents through the Covered Business Method Review program. (Appx9442-9526; Appx11082-11166). On March 7, 2014, the PTAB denied these petitions (by the same PTAB board that eventually instituted IPR proceedings – Sally C. Medley, Karl D. Easthom, and Kalyan K. Deshpande), on the ground that pre-AIA Section 102(e) references are not usable as prior art during a CBMR. (Appx10471-10486; Appx12737-12747).

This should have been the end of an individual patent owner's exasperating journey through a remarkable set of unsuccessful challenges in the USPTO. The PTAB has a discretionary policy of ***not*** instituting proceedings based on subsequent petitions by a petitioner who was denied institution in a first petition, if the petitioner uses the same prior art while using the institution-denial as a "roadmap" to shift strategies. *Conopco, Inc. d/b/a Unilever v. The Proctor & Gamble Co.*, IPR2014-00628, Paper 23, at 3 (Mar. 20, 2015) ("[T]he second petition raises 'substantially the same prior art or argument' that Unilever

'previously presented' in the first petition."). For reasons not explained by the PTAB, it did not follow that policy here, as the next section discusses. Nor did the conclusions of seven prior Examiners appear to deter the panel of three PTAB judges from making directly conflicting rulings on the same evidence.

C. MasterCard's Follow-on Post-Grant Challenge Using the Cohen Prior Art Results in a Final Written Decision that Contradicts the *Ex Parte* Reexamination Outcome Reached by Six Separate Central Reexamination Unit Examiners

Undeterred by the CBMR denial, MasterCard then sought a *third* wave of post-grant review (fourth if counting the petition discussed above), leading to the present appeal. MasterCard filed the present IPRs on March 28, 2014. This was during the time when the claims of the '988 Patent were under final rejection in the reexamination proceeding, but before the USPTO correctly withdrew the final rejection on September 12, 2014.

MasterCard eventually recognized that its goal of PTAB invalidation, if successful, would lead to an embarrassing problem for itself and for the USPTO. Once the CRU Examiner and his two conferees issued the Notice of Intent to Issue Reexamination Certificate, MasterCard immediately asked the PTAB to stay the actual issuance of the reexamination certificate confirming the claims. (Appx5359-5366). MasterCard noted that its success before the PTAB (should it succeed) would create "inconsistency, confusion and the appearance that the PTO and/or

this board has sanctioned two different diametrically opposed decisions." (Appx5361). The PTAB denied the stay request. (Appx5456-5459). But MasterCard's central premise was right – inconsistency, confusion and diametrically opposed decisions ensued. As discussed below, this happened because the PTAB, unlike any of the seven Examiners before it, profoundly misunderstood the claimed inventions.

1. The PTAB's Analysis Leads to a Nonsequitur Claim Construction Built on Several Misunderstandings

During IPR proceedings, Patent Owner urged the following respective constructions for the disputed limitations:

> **Single Merchant Limitation:** including the limit in the payment category that limits transactions to a single merchant before any specific merchant is identified as the single merchant (Appx5490; Appx8417)

and

> **One or More Merchants Limitation:** including the limit in the payment category that limits transactions to one or more merchants before any particular merchant is identified as one of the one or more merchants. (Appx5486).

These Patent Owner constructions exclude pre-identification of the specific / particular merchant, and that is exactly how Patent Owner argued why Cohen did not invalidate. (Appx5494-5496; Appx5499-5500; Appx5503; Appx5505-5506; Appx8418-8422; Appx8423-8426). But despite all of the compelling evidence

from the claims, the specifications, the original prosecution histories, and the reexamination prosecution histories, the PTAB issued claim constructions that ***encompass*** (rather than exclude) the pre-identification of a single merchant (or merchant group) at the time a limitation is established within the payment category.

The PTAB's treatment of claim 1 of the '486 Patent is representative of its claim construction holdings:

> Independent claim 1 recites "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." Patent Owner fails to provide us with a meaningful explanation as to how transactions are limited to a single merchant, without identifying any particular merchant. ***Accordingly, we determine that the "single merchant" includes the "particular merchant" without identifying the particular merchant.*** Absent such a relationship, the claim language would be indefinite as ambiguously limiting transactions to an unidentified particular merchant.

(Appx36-37 (emphasis added); *see also* Appx13, similar treatment of the "one or more merchants limitation" restriction). The PTAB did not reveal how it arrived at its concept of a data structure "including without identifying" a particular merchant, or even what that might mean, when the claim language makes it clear that the "single merchant" must be the same entity ***only later*** identified as "particular merchant." In addition, this statement contradicts earlier statements by the same PTAB panel confirming the "one or more merchants limitation" claim

language was not indefinite. (Appx10480-10481, CBM2013-00057, Decision Denying Institution of Covered Business Method Patent Review, at 10-11 ("A person with ordinary skill in the art would understand 'limiting . . . to one or more merchants' broadly imposes some type of reasonable limitation as to the number of merchants in order to provide the necessary authorization to complete a purchase and perform other claim steps.").

After further analysis that claimed to (but really did not) adopt part of Patent Owner's construction for the overall claim term, the PTAB then ***deviated*** from Patent Owner's construction by announcing that the "single merchant limitation" phrase, as a whole, would be construed as: "the merchant transactions are limited to a single merchant and are included in the payment category prior to the customer selecting a particular merchant for a transaction." (Appx13; Appx38). This recitation exists nowhere in the intrinsic record. MasterCard did not seek it (since it had offered no cohesive construction for the phrases as a whole). And the PTAB's construction does not even parse. For example, the PTAB did not explain how "merchant transactions" may be "included in the payment category prior to the customer selecting a particular merchant for a transaction." The PTAB's construction, on its face, expressed a logical contradiction.

Nor did the PTAB explain how to navigate another contradiction created by its perplexing wording – *i.e.*, how can something exist in the data structure before

it is selected to go into the data structure? That is, if the PTAB's construction allows the "single merchant limitation" to be filled in with an identification at the time of the limitation being established, how can the later-identified "particular merchant" be "identified ***as*** said single merchant?" This would violate the logical time sequencing required by the precise claim language.

The PTAB construction thus gave no weight to the time sequencing required by the claim terms – *i.e.,* that a "single merchant limitation" must exist as part of the "payment category" data structure ***before*** any particular merchant is identified. The PTAB also failed to cite most of the relevant prosecution history. Though it quoted one set of applicant remarks from the reexamination, it criticized those remarks as "obfuscat[ing] any clear meaning" of the claims simply because such remarks did not justify the ultimate construction arrived at in its final written decisions. (Appx12; Appx37). And likewise, the PTAB dismissed the reexamination outcome as somehow irrelevant, on several grounds. First, it asserted that it could not give credit to reexamination events absent a patent owner "disavowal" appearing somewhere (which it claimed not to find). (Appx15-16, IPR2014-00543 Final Written Decision, at 15-16, footnote 6; Appx40, IPR2014-00544 Final Written Decision, at 14, footnote 6). And second, it asserted that the argument and evidence within the PTAB record was superior to that within the reexamination record. (Appx16, IPR2014-00543 Final Written Decision, at 16,

footnote 6; Appx40, IPR2014-00544 Final Written Decision, at 14, footnote 6). This rationale was unusual. The PTAB arrived at the conclusions noted above without citing a single piece of intrinsic or extrinsic evidence unavailable to the multiple Central Reexamination Unit Examiners who had, by then, reached "diametrically opposed" conclusions of validity over Cohen.

2. The PTAB Construed the Claims in Light of the Cohen Prior Art, Refusing to Do So in Light of the Intrinsic Record

The PTAB also conflated the two aspects of an invalidity analysis that case law requires be kept separate – claim construction versus claim application. The PTAB's decisions reveal that it used the Cohen prior art to construe the '486 and '988 Patents. In the part of the Cohen patent applied by the PTAB, a putative transaction code permits transactions at a chain of stores. The portion of Cohen relied upon by the PTAB in forming its opinions is 8:25-39, reproduced below (relevant parts highlighted):

> As one example, an employee could be given authorization to purchase a new computer system. A customized credit card could be issued to the user which is only valid for use for that particular type of charge (computer hardware and software stores) and to the credit limit decided by the issuer or authorizing party at the corporation, such that if the employee tries to use it for anything else or for a charge in excess of that authorized, the charge will be declined. The card could even customized ***for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants)***. Any of the features in the present application can also be combined --thus, the employee could be given a card for

> use in any computer store which is good for a total purchase of up to, for example, $2000 in value.

(Appx3561). This description resembles the PTAB's ultimate "claim construction" in a manner that is too close to be coincidental. Namely, the PTAB explained how it construed the claims to read "single merchant limitation" on a "chain of stores or group of stores," despite the fact that this phrasing appears nowhere in the Patents themselves:

> As discussed above, we construe the "single merchant" limitation as limiting purchase to a single merchant. *See supra* Section I.E.3. We further agree with Patent Owner's broad construction of "merchant" to mean "someone who buys and sells goods." *Supra* Section I.E.3. Accordingly, under the ***broadest reasonable construction***, the "single merchant" limitation includes limiting transactions to any ***chain of stores or group of stores*** that is identified as a single merchant.

(Appx17 (emphasis added); *see also* Appx41). The appearance of the "chain of stores or group of stores" concept in the ***claim construction*** reflects a departure from sound methodology. No wonder it directly contradicts the claim language itself. It should go without saying that limiting transactions to a "chain of stores" at a certain point in time forecloses any possibility of the identification of such stores "as said single merchant" from happening ***later***.

3. The Insufficient Disclosures within the Cohen Prior Art

Finally, as for the Cohen prior art itself, neither the Petitioner nor the PTAB disputed that Cohen identifies the merchant prior to generating the transaction code

– anathema to how the properly construed claims actually work. As mentioned in the Cohen excerpt above, a transaction code gets limited to a "chain of stores." (Appx3561). Nowhere does Cohen disclose or suggest that a true "single merchant limitation" exists, with its attendant consumer-friendly flexibility of ***not*** being pre-assigned to a certain store chain.

Even the independent claims of Cohen verify that Cohen is only concerned with determining the vendors prior to providing the described financial card. Each independent claim of Cohen recites:

> said type of transaction being purchases at ***predetermined vendors*** of a ***predetermined identity***, such that said customized card will be valid at those ***predetermined vendors***, and will not be valid at the other vendors accepting cards from that credit card company.

(Appx3564-3565, emphasis added). In each Cohen embodiment, the vendors are predetermined and pre-identified, either by chain or by type. None of the dependent claims permits otherwise. Dependent claims 20 (from claim 1), 23 (from claim 7), 24 (from claim 11), and 25 (from claim 14) confirm that even when the card can only be used at a type of vendor (restaurants), those vendors have a predetermined identity. (Appx3564-3565). This supports Mr. D'Agostino's and the USPTO Examiners' interpretation of Cohen's disclosure at 8:25-40. Consumers deploying the Cohen technology thus would have lacked the flexibility described and claimed in the '486 and '988 Patents – a consumer's ability to delay choosing

a merchant until it is time to make a transaction, while still enjoying the overall security benefits of the "transaction code" credit card proxy.

V. SUMMARY OF THE ARGUMENT

Since the Cohen prior art fails to disclose at least one limitation of each of the claims on appeal of U.S. Patent Nos. 8,036,988 and 7,840,486, it does not anticipate. The dependent claims held obvious over Cohen and Musmanno are also valid. This Court should reverse the final written decisions.

Cohen fails to disclose the "single merchant limitation" and "one or more merchants limitation" restrictions as recited in the claims of the '988 and '486 Patents. Specifically, Cohen does not disclose "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant," because Cohen requires the identity of one or more vendors to which transactions can be limited to be predetermined prior to providing the financial card to the user, and because Cohen's specification disclosure of predetermining that the financial card can be used only for a certain type of store (*e.g.*, computer hardware or software stores) is not a disclosure that limits transactions to either a single merchant or one or more merchants with the limitation being established ***prior to*** identification of the merchant or merchants to which the limitation applies. The PTAB's decision is also at odds with favorable prior outcomes in post-grant proceedings involving the Patents on appeal.

In finding that Cohen anticipates, the PTAB erred as a matter of law to construe the claims using an improper methodology, resulting in an unreasonable construction that contradicts the specification and prosecution histories. In short, seven Examiners were right and three PTAB judges were wrong. Cohen does not invalidate.

Independently, the PTAB's factual finding that Cohen discloses the claimed time-sequencing in a different part of the claim (a subject to be addressed in the final section of this brief) was not based on substantial evidence.

This Court should reverse the decisions below.

VI. ARGUMENT

A. Standard of Review

1. "Substantial Evidence" Review Applies to Findings of Fact, but Issues of Claim Construction Receive *De Novo* Review

On an appeal from the PTAB, this Court employs a substantial evidence standard of review for questions of fact. *Dickinson v. Zurko*, 527 U.S. 150, 162 (1999). When considering whether or not a PTAB finding meets the substantial evidence standard, the Court considers whether a reasonable fact finder could have arrived at the decision. *Id*. The Court reverses when a PTAB factual finding about the disclosures of the prior art is not based on substantial evidence. *See Institut Pasteur v. Focarino*, 738 F.3d 1337, 1345 (Fed. Cir. 2013) (reversing *inter partes*

reexamination rejection upheld by the PTAB because the PTAB lacked substantial evidence to conclude that the prior art disclosed a particular claim limitation).

During its review, the PTAB applied the "broadest reasonable interpretation" ("BRI") framework to its claim constructions, in accordance with 37 C.F.R. § 42.100(b). In general, because the ultimate question of proper claim construction of a patent is a question of law, this Court reviews claim construction *de novo*. *Teva Pharms. USA Inc. v. Sandoz Inc.*, 135 S. Ct. 831, 837, 841 (2015). Where, as here, nothing in the case implicates the deference to fact findings contemplated by the decision in *Teva*, this Court reviews the Board's claim construction *de novo*. *In re Imes*, 778 F.3d 1250, 1252 (Fed. Cir. 2015). Under a *de novo* standard, claim terms are given their ordinary and customary meanings, as would be understood by a person of ordinary skill in the art at the time of the invention, having considered the language of the claims, the specification, and the prosecution history of record. *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc). Under the BRI framework, this Court reverses when the PTAB's construction is unreasonable, for example by contradicting the specification or prosecution history. *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1298 (Fed. Cir. 2015) (in reversing PTAB's "unreasonably broad" construction in an IPR, restating principle that a claim construction "cannot be divorced" from the specification and prosecution history record).

2. Standards for Reviewing Anticipation and Obviousness Conclusions

This Court and the PTAB apply the same standards for anticipation and obviousness. For anticipation, unless a reference discloses within its four corners not only all of the limitations claimed, but also all of the limitations arranged, combined, or cooperating in the same way as recited in the claim, it cannot anticipate under 35 U.S.C. § 102. *Synqor, Inc. v. Artesyn Techs., Inc.*, 709 F.3d 1365, 1375 (Fed. Cir. 2013); *Net MoneyIn, Inc. v. Verisign, Inc.*, 545 F.3d 1359, 1371 (Fed. Cir. 2008). Accordingly, if a cited reference fails to disclose one or more limitations of any of the claims, or discloses them in a way differently from how the claim arranges them, then the PTAB's decision should be reversed.

Obviousness under 35 U.S.C. § 103(a) can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some reason to do so. To find obviousness, there must have been a reason for a person of ordinary skill in the art, at the time of the invention, to have combined the various teachings of the prior art to arrive at the patent claim. *Kinetic Concepts, Inc. v. Smith & Nephew, Inc.*, 688 F.3d 1342, 1366 (Fed. Cir. 2012); *see also Leo Pharma. Prods., Ltd. v. Rea*, 726 F.3d 1346, 1353 (Fed. Cir. 2013). If the combined disclosures of the prior art lack and do not suggest a claim limitation, then those disclosures do not render obvious that patent claim. *See, e.g.*, *Fresenius*

USA, Inc. v. Baxter Int'l, Inc., 582 F.3d 1288, 1301-1302 (Fed. Cir. 2009); *CFMT, Inc. v. Yieldup Int'l Corp.*, 349 F.3d 1333, 1342 (Fed. Cir. 2003); *see also KSR Int'l v. Teleflex Inc.*, 127 S. Ct. 1727 (2007) (Part III.A. of the decision disposing of patentee's "combination does not suggest" argument because waived, rather than because inapposite). Finally, claims depending from a patentable independent claim are patentable. *In re Fine*, 837 F.2d 1071, 1076 (Fed. Cir. 1988).

B. The PTAB Erred as a Matter of Law to Construe the Claims Using an Improper Methodology, Resulting in an Unreasonable Construction that Contradicts the Specification, Prosecution Histories, and Language of the Claims Themselves

To arrive at its claim constructions, the PTAB improperly construed the claims in light of the Cohen prior art. In its final written decisions, the PTAB "construed the relationship between the recited 'particular merchant' and the 'single merchant' such that the 'single merchant' includes the particular merchant as a member of the single merchant chain." (Appx19; Appx43). The PTAB apparently crafted this as a ***claim construction***, so that the "single merchant" is already "hard-coded" to read on a pre-identified chain of stores, and further the "particular merchant" would be pre-"hard coded" as a matter of claim construction to read on a specific store in that chain of stores. The PTAB further stated:

> As discussed above, we construe the "single merchant" limitation as limiting purchase to a single merchant. *See supra* Section I.E.3. We further agree with Patent Owner's broad construction of "merchant" to mean "someone who buys and sells goods." *Supra* Section I.E.3.

> Accordingly, under the ***broadest reasonable construction***, the "single merchant" limitation includes limiting transactions to any ***chain of stores or group of stores*** that is identified as a single merchant.

(Appx17 (emphasis added); *see also* Appx41). Lest there be any doubt that the "chain of stores" idea was part of the PTAB's claim ***construction*** (as opposed to some part of a claim-application analysis), the PTAB dispelled it. In a separate part of the final written decisions which sought to deflect Patent Owner's arguments, the PTAB stated, "Patent owner has not directed us to evidence or provided a rationale to rebut ***our construction*** that the chain of stores is the 'single merchant limitation' and the specific stores in the chain of restaurants is the 'particular merchant.'" (Appx18 (emphasis added); *see also* Appx42).

This approach was backwards and contrary to law, leading to erroneous results. The appearance of the "chain of stores or group of stores" concept in the claim construction comes not from intrinsic evidence but from the Cohen prior art. The portion of Cohen relied upon by the PTAB in forming its opinions was column 8, lines 25-39, and in particular:

> The card could even customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants).

(Appx3561). By contrast, nothing in the actual intrinsic record of the '486 or '988 Patents justifies importing a "chain of stores" concept into the claim construction of the words "single merchant limitation" or "one or more merchants limitation,"

in the role these concepts play within a "payment category." The "chain of stores" phrase simply does not exist in the specification, or in any prosecution comments that explain claim meaning. It also wildly deviates from the actual words of the '988 and '486 Patent claims, each of which requires that, at first, no particular store exists within the "payment category" as the "merchant" or "merchants."

In this way, the PTAB violated the bedrock claim construction rule that "claims may not be construed with reference to the accused product," with the caveat that here the error was to construe in light of "prior art" and not "the accused product." *Wilson Sporting Goods Co. v. Hillerich & Bradsby Co.*, 442 F.3d 1322, 1331 (Fed. Cir. 2006); *NeoMagic Corp. v. Trident Microsystems, Inc.*, 287 F.3d 1062, 1074 (Fed. Cir. 2002); *SRI Int'l v. Matsushita Elec. Corp. of Am.*, 775 F.2d 1107, 1118 (Fed. Cir. 1985) (en banc). This rule posits that a court may not use the instrumentality against which the claims will ultimately be compared as a form of extrinsic evidence to supply limitations for patent claim construction. Of course, this rule does not forbid awareness of the instrumentality to understand the parameters and scope of a future infringement or prior art analysis. But a tribunal must not cross the line from awareness of what upcoming issues will be, to improper injection of the features of the targeted instrumentality into the claim construction.

The PTAB's methodological error goes far toward explaining how it might have come up with constructions that were so confusing, contradictory and erroneous. As discussed before, the PTAB's claim constructions for the "single merchant limitation" and "one or more merchants limitation" phrases contradict the plain language of the claims, the specification and the prosecution history. And they do not even parse grammatically or semantically.

In their specifications, the '988 and '486 Patents emphasize that when the payment category includes a limitation that more than one purchase may be made from one or more different merchants, each of the merchants may or ***may not*** be identified by the customer and pre-coded in association with the transaction code. (Appx66, '988 Patent, 8:18-22). The Patents indicate, in this section, that in some instances when a customer, or an agent of the customer (a child, guardian, or care giver) must make a number of transactions or purchases which are authorized by the customer, the customer may designate a maximum amount which can be spent utilizing a particular transaction code within a predetermined period of time, and/or can designate that only one merchant, ***whether designated or not***, can use the transaction code. (Appx66, '988 Patent, 8:27-34). There was never any reasonable doubt that the claim language at issue captured for its scope the scenario of a ***non-identified*** and ***undesignated*** merchant, prior to a "particular merchant" being identified.

Patent Owner emphasized throughout the robust and informative prosecution history that the "single merchant limitation" in the overall phrase denotes a blank placeholder when it is first defined, that later gets populated with a "particular merchant" at the consumer's discretion. For example, during original prosecution of the '486 Patent, Applicant remarked:

> It is a significant advantage to have a payment category, which limits transactions to a single merchant and can be "designated" by the customer in a simple method step. This makes it unnecessary for the customer to communicate, in advance, to the issuing entity, or even to know in advance, the identity of the merchant.

(Appx1501, May 13, 2009 Applicant response, at 21, emphasis added). Likewise, a pre-identified type or category of merchant does not read on the "single merchant limitation," as indicated during the prosecution history:

> It is important to note here, a single "merchant category code" (Langhans et al., column 11, lines 65-67 to column 12, lines 1-7, cited by the Office) is not the same as a "single merchant". But rather, a merchant category code is used to identify a type of merchant.

(Appx1426, December 10, 2009 Applicant Argument/Remarks Made in an Amendment, at 24).

The reexamination prosecution history for the '988 Patent only bolsters these understandings. In the initial reexamination denial which found no substantial new question of patentability over Cohen, the CRU Examiner noted the

consistency between the disputed claim language and column 8, lines 18-34 of the '988 Patent's specification:

> One of ordinary skill would find this to teach transactions to be restricted to a certain quantity of merchants, whereby the identity of merchant(s) could either be pre-identified or the identity of merchant(s) could be unspecified. Looking to the claim language, the words in the claim require a restriction defined as a finite number of merchants with the further requirement that the merchant(s) NOT be identified at the time of defining the category restriction.

(Appx2568, December 6, 2012 Denial of Ex Parte Reexamination, at 5 (emphasis in original)). This finding was consistent with the same PTAB panel's observations about "one or more merchants" during the denial of CBM review: "We agree with Patent Owner that interpreting 'one or more merchants' to include an infinite number of merchants is overly broad and unreasonable." (Appx10479, CBM2013-00057, Decision Denying Institution of Covered Business Method Patent Review, at 9). And in returning to this understanding after a petition decision forced a formal reexamination proceeding to go forward, the new CRU Examiner clearly agreed with Patent Owner's arguments that the claims are limited to those in which the system ***does not*** indicate in advance of purchase, at the time the category limitation is established, who or from what group the ultimate "particular merchant" will be. (Appx2310-2311, September 12, 2014 Notice of Intent to Issue a Reexam Certificate, at 3-4, citing Patent Owner's appeal brief at 10-14).

The PTAB also misconstrued the language by improperly stripping "as said single merchant" from the claim construction. The PTAB never accounted for the necessary time sequencing: *i.e.*, that the "particular merchant" becomes – at a future time – the exact "single merchant" named earlier in the claim, as a placeholder within the "limitation" set up for the "payment category" data structure. The claims explicitly recite "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." The "single merchant" and "particular merchant" must end up being identical – that is what "as said single merchant" means. But they must start out with the "single merchant limitation" being undefined – that is what "prior to" means. Thus, the chain / individual-store pair does not map onto the single / particular merchant pair under the plain language, for several reasons. A chain is by definition not identical to a location within the chain. There is instead a set / set-member relationship (violating the "as said single merchant" rule). And if an individual-store eventually did become the "particular merchant," then an individual-store (not a chain) would have to have been the earlier-named "single merchant," too (violating the "prior to" rule).

The PTAB's error here strongly resembles its error that this Court corrected in *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1299 (Fed. Cir. 2015). In

Microsoft, this Court pointed out that the claim itself contradicted the PTAB claim construction, by ignoring the words "two other computers."

> The Board erred in concluding that the "two other computers" could include the caching computer. Beginning with the language of the claims, claim 6 recites a system comprising a gateway, a caching computer, and "two other computers." '717 patent col. 10 l. 54—col. 11 l. 12. Not only are the "two other computers" recited independently from, and in addition to, the gateway and caching computers, the word "other" denotes a further level of distinction between those two computers and the specific gateway and caching computers recited separately in the claim.

Id.; *see also Pride Mobility Prods. Corp. v. Permobile, Inc.*, No. 2015-1585, -1586 (Fed. Cir. Apr. 5, 2016) (slip op. at 10-11) (reversing PTAB IPR decision whose construction contradicted the claim language, noting "[w]e do not see how the claim language can mean anything else without obvious strain."). Here, the PTAB ignored the words "as said single merchant" when construing that the "single merchant" may already include the "particular merchant," when the claim requires an explicit time sequencing, and that the undefined "single merchant" later become the ***same*** entity to be identified as the particular merchant. Namely, the "payment category" includes a "single merchant limitation" ***prior to*** its instantiation with the identity of a "particular merchant." The "single merchant" blank is left unfilled, until the "particular merchant" gets named as the "single merchant." This Court reverses the PTAB's claim construction as "unreasonable" when it contradicts the language of the claim itself. *See Microsoft, supra; Pride Mobility Prods., supra*.

Thus, the "single merchant limitation" requirement can only be properly construed to mean "including the limit in the payment category that limits transactions to a single merchant before any specific merchant is identified as the single merchant." And the complementary result must hold for those claims that speak in terms of a "one or more" instead of "single merchant limitation." These Patent Owner constructions – endorsed by seven prior Examiners well before three PTAB judges issued their conflicting *sua sponte* constructions – exclude pre-identification of the particular merchant, whether as an individual or as part of a type, group, class or chain.

C. Under the Correct Claim Construction, Cohen Does Not Anticipate, and its Combination with Other References Does Not Render Obvious, Any of the Claims

Because Cohen identifies the merchant prior to generating the transaction code – an undisputable fact about the prior art that was never in question – it does not anticipate the claims of the '988 and '486 Patents under the proper claim construction. In Cohen, a particular store itself is always predetermined. When Cohen limits transactions to a particular type of charge, a transaction code gets limited to a predetermined "chain of stores." (Appx3561). Nowhere does Cohen disclose or suggest that a true "single merchant limitation" or a "one or more merchants limitation" exists. Not a single one of the possibilities Cohen discusses

involves a blank placeholder that only later gets populated with a merchant identity, for true consumer flexibility.

Cohen's own independent claims verify that Cohen's system must identify the vendors by the time of providing the described financial card. Each independent claim of Cohen recites:

> said type of transaction being purchases at ***predetermined vendors*** of a ***predetermined identity***, such that said customized card will be valid at those ***predetermined vendors***, and will not be valid at the other vendors accepting cards from that credit card company.

(Appx3564-3565, emphasis added). In each Cohen embodiment, the vendors are predetermined and pre-identified, either by chain or by type. None of the dependent claims permits otherwise. Dependent claims 20 (from claim 1), 23 (from claim 7), 24 (from claim 11), and 25 (from claim 14) confirm that even when the card can only be used at a type of vendor (restaurants), those vendors have a predetermined identity. (Appx3564-3565). This supports Mr. D'Agostino's and the USPTO Examiners' interpretation of Cohen's disclosure at 8:25-40. Consumers deploying the Cohen technology thus would have lacked the flexibility described and claimed in the '486 and '988 Patents – a consumer's ability to delay choosing a merchant (or its chain) until it is time to make a transaction.

The PTAB's attempt to justify contradicting the reexamination outcomes makes no sense. In erroneously finding anticipation by Cohen, the PTAB asserted

that it could not credit reexamination events that came to the opposite conclusion over the identical evidence absent a patent owner "disavowal" appearing somewhere. (Appx15-16, IPR2014-00543 Final Written Decision, at 15-16, footnote 6; Appx40, IPR2014-00544 Final Written Decision, at 14, footnote 6). In particular, the PTAB asserted that "unless Patent Owner made arguments creating a clear disavowal of claim scope that demonstrate how Cohen fails to meet a disputed limitation, we are not bound, under statute or otherwise, by such arguments." (Appx15, IPR2014-00543 Final Written Decision, at 15, footnote 6; Appx40, IPR2014-00544 Final Written Decision, at 14, footnote 6).

True, this Court holds that statements made during prosecution of a reexamination application that clearly disclaim a particular claim interpretation will limit the scope of the claims. *ACCO Brands, Inc. v. Micro Sec. Devices, Inc.*, 346 F.3d 1075, 1078 (Fed. Cir. 2003) ("We conclude that the pin clause of claim 10 must be construed in the same way as the pin clause of claim 1, for the examiner's Reasons for Allowance [during reexamination] make clear that the examiner and the applicant understood that the invention requires that the pin extends (actively) into the slot after rotation."); *see also Arlington Indus., Inc. v. Bridgeport Fittings*, Inc., 345 F.3d 1318, 1332 (Fed. Cir. 2003) ("arguments made in a reexamination proceeding will constitute a disclaimer of claim scope if they are 'clear and unmistakable statements of disavowal.'"). But the PTAB erred in

believing it had to locate a clear disclaimer before it could weigh events that occurred during reexamination. Tribunals must use prosecution statements and outcomes to perform the more general task of understanding claim language in light of the intrinsic record. In other words, even without there being a "clear disavowal," the general rules of claim construction require the PTAB (or a court) to take into account applicant or examiner statements that shed light on claim meaning. *E.g.*, *Salazar v. Proctor &* Gamble, 414 F.3d 1342, 1347 (Fed. Cir. 2005) ("Statements about a claim term made by an examiner during prosecution of an application may be evidence of how one of skill in the art understood the term at the time the application was filed."); *Laitram Corp. v. Morehouse Indus., Inc.*, 143 F.3d 1456, 1462-1463 (Fed. Cir. 1998) (arguments made during prosecution shed light on what the applicant meant for claim language). The PTAB rejected doing so here, and that contributed to error.

Whether or not it had to find a disavowal to credit Patent Owner's arguments, it erred by not finding one. Patent Owner's statements during prosecution do constitute a clear and unmistakable disavowal of the disputed claim language covering anything described in Cohen. For example, in the reexamination appeal brief (which the Examiner and two additional CRU conferees found compelling and persuasive), Patent Owner reiterated arguments made during the

course of reexamination that unambiguously disclaimed what Cohen disclosed. These Patent Owner disavowals merit an extended quotation:

> Cohen's particular store or chain of stores limitation, by nature of the limitation itself, requires a user to identify a store or chain of stores and communicate that identity to the credit card company so that the credit card company can create the limit and restrict purchases to only that identified store or chain of stores. Whereas, the claim requires a payment category that limits transactions to a single merchant before any merchant is identified as the single merchant. Moreover, the phrase "single merchant" is not even used by Cohen. Second, limiting to a particular store or chain of stores is not the same as limiting to a single merchant. A particular store or chain of stores limitation is an identity limitation whereas a single merchant limitation is a numerical limitation. That is, the only way a particular store or chain of stores limitation can be made is by identifying that store or chain of stores from other stores or chain of stores. Conversely, a single merchant limitation is not related to the particular identity of any store or chain of stores, rather it is a numerical limitation that limits use to only one merchant. Stated differently, a particular store or chain of stores limitation is limited to only the identified store or chain of stores, whereas a single merchant limitation is not limited by way of identity. Third, and finally, it is true that limiting use of a credit card to only particular types of charges can be done without identifying a particular merchant. But limiting a credit card's use by a type of charge plainly does not create a limit to a single merchant. At most a particular type of charge limitation (e.g., clothing stores) creates an indeterminable numerical limit on a number of merchants, where the number is greater than one. And this cannot meet the claim because the claim requires limitation to a single merchant.
>
> . . . (a) Cohen's type of charge does not anticipate "one or more merchants." . . . The appellant argued that the Office, in granting the reexamination, used an incorrect claim construction for "one or more merchants," and under the correct construction, a type of charge limitation does not anticipate "one or more merchants." Particularly, the appellant advanced, in light of the specification, that "one or more merchants" means "a certain quantity of merchants that is finite in

> number." And that under this meaning an entire industry of merchants would be excluded . . . (b) Cohen's particular store or a particular chain of stores does not anticipate "one or more merchants." . . . [T]he claim explicitly states that a particular merchant is not identified as one of the one or more merchants until after the payment category includes the limit to one or more merchants . . . . [T]he correct meaning of a particular merchant is simply an identifiable merchant that a customer can use the transaction code with to make purchases . . . (c) The claim term "one or more merchants" is a limit on the number of merchants . . . . Consequently, because Cohen's type of charge and particular store or chain of stores disclosure does not meet the claimed "one or more merchants," Cohen does not disclose every feature of independent claims 1, 17, 19, and 22.

(Appx2333-2339, '988 Reexamination, Patent Owner Appeal Brief, filed July 23, 2014). As is evident from the above statements, which are only some out of a voluminous prosecution/reexamination history, Patent Owner clearly and unmistakably disavowed any scope to his patent claims that would hypothetically encompass how Cohen fashions an alleged transaction code.

The PTAB also remarked that Patent Owner also had an opportunity to amend claims in each proceeding. (Appx16, IPR2014-00543 Final Written Decision, at 16, footnote 6; Appx40, IPR2014-00544 Final Written Decision, at 14, footnote 6). However, prosecution disclaimer that is clear and unmistakable is treated as the equivalent of an amendment for the purpose of determining the meaning of a disputed term. *Univ. of Va. Patent Found. v. GE*, 755 F. Supp. 2d 738, 749 (W.D. Va. 2011) ("While the foregoing cases are not reexamination cases, the rationale underlying them further buttresses my decision by

demonstrating that arguments to the PTO can just as effectively limit claim scope as explicit amendments"), *citing Elkay Mfg. Co. v. Ebco Mfg. Co.*, 192 F.3d 973, 979 (Fed. Cir. 1999); *Southwall Techs. v. Cardinal IG Co.*, 54 F.3d 1570, 1576 (Fed. Cir. 1995); *Std. Oil Co. v. Am. Cyanamid Co.*, 774 F.2d 448 (Fed. Cir. 1985).[1]

In short, the plain language of the claims excludes Cohen. Even if there were any claim construction ambiguity about this, the prosecution histories resolve that ambiguity to restrict scope so that it does ***not*** read on a pre-identified merchant or chain of merchants. And even if the prosecution history does not get used for purposes of resolving potential ambiguity, it at least represents clear disavowals of claim coverage over what Cohen describes. Finally, since all of the above factors

[1] MasterCard suggested at one point a bright line rule that any conflict in findings between the PTAB acting as a tribunal, and the CRU acting as examiners, must be resolved in favor of the PTAB. (Appx5361, Motion to Stay at 2). Appellant is unaware of any such bright line rule running in either direction. If anything, the legislative history of the AIA suggests that the PTAB is supposed to give deference to reexamination outcomes, in order to prevent patentee harassment. H.R. Rep. 112-98, at 48; 157 Cong. Rec. S5428 (Sept. 8, 2011). Giving effect to this legislative history is the better policy, since (1) examiners are experts in the fields they examine, (2) CRU examiners are the "best of the best" among the examiner corps, (3) PTAB judges (who convene in panels of three, no different from the CRU examiner and two conferees) work under named statutory time deadlines while CRU examiners do not; and (4) PTAB judges are not necessarily experts in the fields of the patents they adjudicate. To the extent MasterCard would also argue that the PTAB outcome must prevail because the PTAB reviews examiner decisions as an agency appellate body, that would ignore that they play a different role in AIA reviews – the same initial fact-finding role as an examiner.

yield a validity outcome for the independent claims, no basis remains for the obviousness conclusion of Cohen in view of Musmanno applied against certain dependent claims.

D. Independently, No Substantial Evidence Supports the Finding that Cohen Discloses Defining a Payment Category Before Issuance of a Transaction Number

An independent basis for reversal also exists. Cohen does not disclose designating/selecting a payment category that places limitations on a transaction code ***before*** the transaction code is generated. Independent claim 1 of the '988 Patent is representative. Claim 1 is reproduced below, in relevant part (emphasis added):

> c) *defining at least one payment category to include at least limiting a number of transactions* to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;
>
> d) *designating said payment category*;
>
> e) *generating a transaction code* by a processing computer of said custodial authorizing entity, *said transaction code reflecting at least the limits of said designated payment category* to make a purchase within said designated payment category.

(Appx66-67). All other independent claims of the '988 and '486 Patents have the same or virtually the same time-sequencing restrictions. (Appx67-68; Appx79-81). Importantly, each independent claim requires the designating or selecting step to

be performed ***before*** the generating-a-code step. The specification of the '988 Patent only describes generating the transaction code after both (1) identifying an account that is used to make credit card purchases to associate with the transaction code and (2) designating or selecting a payment category. (Appx65-66).

Cohen does disclose that a credit card number can have its use customized, but no substantial evidence supports the contention that Cohen discloses defining/selecting customized uses of the credit card number ***before*** the credit card number is generated. Rather, Cohen's card is customized after the credit card number is generated. (Appx3559; Appx3562). Particularly, Cohen discloses that "a user dials into her credit card company before making a transaction, and . . . is provided with a disposable or customized number." (Appx3559, Cohen at 3:42-49). Cohen also discloses that "a user can indicate in advance of purchase, on the telephone call with the credit card company, what the single use or the customized credit card number is to be used for." (Appx3559, Cohen at 3:50-53). These portions do not disclose the step of designating or selecting a payment category including limits on a transaction code and then, after designating or selecting the payment category, the step of generating or producing the transaction code. (Appx66-68; Appx79-81).

Instead, these portions of Cohen merely teach that a user is provided with a customized number before making a purchase. (Appx3559). And, before making

the purchase, the user can specify the limitations that restrict use of the credit card number for the purchase. That is, these portions of Cohen do not disclose the timing of specifying the limits of the customized credit card number first, and only then generating the customized credit card number.

Further, and directly opposite of the disputed claim limitation, Cohen discloses specifying the limits on the customized credit card number after the number has been generated:

> In one embodiment, with respect to customization, the user receives one or more credit cards, each of which is inactive. Each card has a blank amount of credit, and no predefined use . . . . When the user receives the credit card, or when the user is ready to activate the credit card, the user determines . . . what particular uses or types of uses are desired.

(Appx3562, Cohen, at 9:13-23). Thus, considering that the portions of Cohen found at column 3, lines 42-53, do not disclose the timing between selecting/designating a payment category and generating a transaction code, but the portion of Cohen found at column 9, lines 13-23, does explicitly disclose generating a credit card number and then selecting the limits on the credit card's use, one of ordinary skill in the art would understand that Cohen's disclosure does not include designating/selecting the limits before generating the credit card number. (Appx66-68; Appx79-81).

During *ex parte* reexamination, the CRU Examiner and two conferees agreed. They considered the same portions of Cohen. They held that Cohen does not anticipate the claim limitation, stating "[u]pon further consideration the examiner agrees with appellant's argument that Cohen fails to teach that the transaction code is generated *after* the designation of the payment category and any specific criteria within the payment category." (Appx2311, September 12, 2014 Notice of Intent to Issue a Reexam Certificate, at 4, emphasis in original).

In rejecting this showing, and choosing an outcome that it knew would contradict the reexamination outcome, the PTAB misconstrued Patent Owner's argument. The PTAB apparently believed that Patent Owner contended that Cohen discloses separate sequential phone calls for a consumer to (1) obtain a card number / transaction code, and (2) set up the payment category. (Appx20; Appx44). The PTAB stated, "We find that a reading of Cohen that precludes a user from performing both steps in a single call is unreasonable." (Appx20; Appx44). But that was not Patent Owner's argument, since it never pointed to alleged separate telephone calls. Instead, Patent Owner pointed out that, even in a single telephone call, Cohen lacks the required time-sequence disclosure. (Appx5509-5512; Appx8429-8431).

The PTAB also placed unjustified reliance on a portion of Cohen that discloses that a "customized card" may be "preset for certain uses." (Appx20,

citing Cohen at 3:63-67; Appx44, citing Cohen at 3:63-67). Yet these excerpts are at least equally insufficient, and cannot have constituted substantial evidence of the particular timing requirement of the claims. That is because the excerpt is completely agnostic on the central issue. It simply does not preclude the possibility that these words involve such card-"presetting" occurring ***after*** a card number has been generated. Without a disclosure that such cards get preset ***before*** a code is generated, the excerpts are inapposite.

Lastly, the PTAB cited to portions of Cohen that disclose that restrictions or limitations for a card number may or may not be printed on the card. (Appx21; Appx45). For example, if use-restrictions are not printed on the card, they may be "verbally transmitted" to the user. (Appx21; Appx45). The PTAB's reliance on the card-printing versus no-card-printing of limitations is perplexing. That is because these two alternative techniques of how to build a physical card simply do not speak to whether the card ***number*** has been generated before or after the limitations on card use have been defined. As such, this disclosure, too, fails to supply substantial evidence for the PTAB's conclusions. In the end, it was the CRU, not the PTAB, who got it right.

VII. CONCLUSION

This case exemplifies the new plight of inventors under the AIA. As an individual inventor, Mr. D'Agostino did everything he reasonably could to secure

clear title in the property rights surrounding his inventions. This included disclosing the Cohen prior art. In fact, he did so numerous times during original prosecution. Mr. D'Agostino took pains to build a clear prosecution record, unambiguously describing what his application claims actually meant, in a manner that does not read on the Cohen prior art.

But MasterCard threatened reexamination anyway if he refused their lowball offer for a license. Mr. D'Agostino did not yield. And the results justified his decision. Mr. D'Agostino won that reexamination over Cohen, not once but twice. Then when the first AIA attack came – CBM reviews using the Cohen prior art – he also won.

For the reasons discussed above, the IPRs under appeal – repeated follow-on filings that meet the AIA legislative history definition of patentee-harassment – should never have been instituted, and if instituted should never have succeeded. With the decisions under appeal, the PTAB unnecessarily put the agency in conflict with itself, refusing to follow the sound logic and reasoning that led seven earlier expert Examiners to side with Mr. D'Agostino. In the process, the PTAB deployed unsound methodologies, reaching claim construction results that do not parse grammatically or semantically, and that self-consciously contradict the intrinsic record. This Court exists to correct such errors.

Mr. D'Agostino therefore respectfully requests that the Court reverse the final written decisions of the PTAB, and reinstate all claims of the '486 and '988 Patents.

Dated: April 15, 2016

Respectfully submitted,

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ADDENDUM

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Paper 28
Entered: August 31, 2015

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASTERCARD INTERNATIONAL INCORPORATED,
Petitioner,

v.

JOHN D'AGOSTINO,
Patent Owner.

Case IPR2014-00543
Patent 8,036,988 C1

Before SALLY C. MEDLEY, KARL D. EASTHOM, and KALYAN K. DESHPANDE, *Administrative Patent Judges*.

DESHPANDE, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 318(a); 37 C.F.R. § 42.73

I. INTRODUCTION

A. Background

MasterCard International Incorporated ("Petitioner") filed a Petition requesting an *inter partes* review of claims 1–38 of U.S. Patent No. 8,036,988 C1[1] (Ex. 1001; "the '988 patent"). Paper 1 ("Pet."). John D'Agostino ("Patent Owner") filed a Preliminary Response. Paper 7 ("Prelim. Resp."). Pursuant to 35 U.S.C. § 314, we instituted *inter partes* review of the '988 patent, on September 4, 2014, as to claims 1–10, 15–25, 27–33, and 35–38 under 35 U.S.C. § 102(e) as anticipated by Cohen,[2] and as to claims 11–14, 26, and 34 under 35 U.S.C. § 103(a) as obvious over Cohen and Musmanno.[3] Paper 8 ("Dec.").

Patent Owner filed a Response (Paper 16, "PO Resp."), and Petitioner filed a Reply (Paper 17, "Pet. Reply"). Petitioner filed a Motion to Exclude evidence (Paper 20, "Mot."), Patent Owner filed an Opposition to Petitioner's Motion to Exclude evidence (Paper 23, "Opp. to Mot."), and Petitioner filed a Reply in support of its Motion to Exclude (Paper 24, "Reply to Opp. to Mot."). Oral hearing was held on May 12, 2015, and the hearing transcript has been entered in the record. Paper 27 ("Tr.").

The Board has jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision is issued pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73. For the reasons discussed below, we are persuaded that Petitioner has shown

[1] A Reexamination Certificate was issued on October 15, 2014.

[2] U.S. Patent No. 6,422,462 B1 (Ex. 1004, "Cohen").

[3] U.S. Patent No. 5,826,243 (Ex. 1006, "Musmanno").

by a preponderance of the evidence that claims 1–38 of the '988 patent are unpatentable. Petitioner's Motion to Exclude is *denied*.

B. Related Proceedings

Petitioner identifies the following related district court proceeding involving the '988 patent and in which Petitioner is a party: *D'Agostino v. MasterCard, Inc.*, No. 1:13–cv–00738 (D. Del. filed Apr. 26, 2013). Pet. 59.

Petitioner also identifies the '988 patent as the subject of *Ex Parte* Reexamination proceeding No. 90/012,517. *Id.* at 1, 59.

In related proceeding IPR2014-00544, Petitioner seeks review of U.S. Patent No. 7,840,486 B2, to which the '988 patent claims priority. *Id.* at 59. Petitioner previously sought a covered business method patent review of the '988 patent in proceeding CBM2013-00057, but we denied institution of review. *Id.* at 11–13; *Mastercard Int'l Inc. v. D'Agostino,* Case CBM2013-00057 (PTAB Mar. 7, 2014)(Paper 9). Specifically, we denied institution of review because Petitioner had not demonstrated that Cohen or Flitcroft qualifies as prior art under Section 18(a)(1)(C) of the AIA,[4] because neither

[4] Under section 18(a)(1)(C) of AIA, a petitioner in a transitional proceeding who challenges the validity of one or more claims in a covered business methods patent on grounds of of unpatentability under §§ 102 and 103 may only support such grounds on the following basis:

> (i) prior art that is described by section 102(a) of such title (as in effect on the day before such effective date); or
>
> (ii) prior art that—
>
> (I) discloses the invention more than 1 year before the date of the application for patent in the United States; and
>
> (II) would be described by section 102(a) of such title (as in effect on the day before the effective date set

Cohen nor Flitcroft was published prior to the effective filing date of the '988 patent. *Mastercard Int'l Inc. v. D'Agostino,* Case CBM2013–00057, slip op. at 13–14 (PTAB Mar. 7, 2014).

C. The '988 Patent

The '988 patent discloses a method and system of performing secure credit card purchases. Ex. 1001, Abstract. The method and system increase overall security by minimizing access to credit card numbers, without having to deviate substantially from existing credit card transaction practices. *Id*. at 1:19–29.

> forth in section 3(n)(1)) if the disclosure has been made by another before the invention thereof by the applicant for patent.

AIA Section 18(a)(1)(C). This section does not apply to an *inter partes* review. 35 U.S.C. § 311(b) allows for a challenge in an *inter partes* review to be raised "on the basis of prior art consisting of patents or printed publications." Accordingly, Cohen and Flitcroft qualify as prior art in an *inter partes* review.

Figure 3 of the '988 patent is reproduced below:

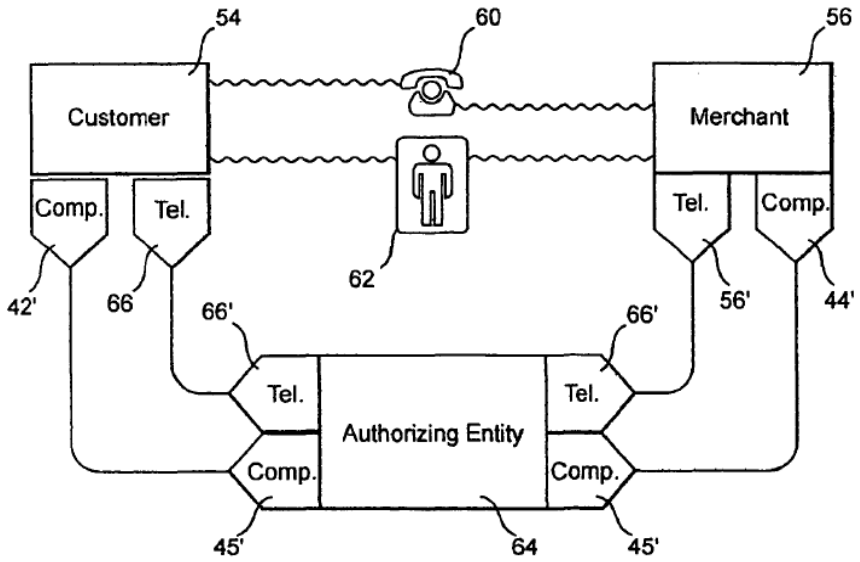

FIG. 3

Figure 3, depicted above, schematically represents a secure credit card transaction system, where the customer-to-merchant contact is by phone or in person. As shown above in Figure 3, customer 54 receives promotional information from merchant 56, either by telephone 60 or in person 62. Ex. 1001, 7:30–35. Customer 54 then contacts custodial authorizing entity 64, by either telephone 66' or computer 45', for authorization. *Id*. at 7:35–43. After confirming authorization, authorizing entity 64 establishes details of the anticipated transaction to determine a payment category, and then issues a transaction code to the customer. *Id.* at 7:43–46. The customer can utilize the transaction code to consummate a transaction within the defined parameters of the payment category, and the merchant can obtain verification and subsequent payment utilizing the transaction code only. *Id*. at 7:46–55.

D. Illustrative Claims

Petitioner challenges claims 1–38 of the '988 patent. Pet. 13–59. Claims 1 and 21 are illustrative of the claims at issue and are reproduced below:

> 1. A method of performing secure credit card purchases, said method comprising:
>
> a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;
>
> b) supplying said custodial authorizing entity with at least account identification data of said customer's account;
>
> c) defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;
>
> d) designating said payment category;
>
> e) generating a transaction code by a processing computer of said custodial authorizing entity, said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category;
>
> f) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters;
>
> g) verifying that said defined purchase parameters are within said designated payment category; and
>
> h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.

Ex. 1001, 8:58–9:19.

> 21. A method for implementing a system for performing secure credit card purchases, the method comprising:

> a) receiving account information from an account holder identifying an account that is used to make credit card purchases;
>
> b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;
>
> c) generating a transaction code utilizing a processing computer of a custodial authorizing entity, said transaction code associated with said account and reflecting at least the limits of said payment category, to make a purchase within said payment category;
>
> d) communicating said transaction code to said account holder;
>
> e) receiving a request to authorize payment for a purchase using said transaction code;
>
> f) authorizing payment for said purchase if said purchase is within said payment category.

Id. at 11:5–27.

E. Claim Construction

The Board interprets claims of an unexpired patent using the broadest reasonable interpretation in light of the specification of the patent in which they appear. *See* 37 C.F.R. § 42.100(b); *see also In re Cuozzo Speed Techs., LLC*, No. 2014-1301, 2015 WL 4097949 at *7–*8 (Fed. Cir. July 8, 2015) ("Congress implicitly approved the broadest reasonable interpretation standard in enacting the AIA," and "the standard was properly adopted by PTO regulation."). Under the broadest reasonable interpretation standard, claim terms are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the entire

disclosure. *In re Translogic Tech. Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

1. "generating a transaction code"

Independent claims 1, 17, 19, 21, and 22 recite "generating a transaction code." Petitioner, in its Petition, proposes this limitation means "creating a code usable as a substitute for a credit card number in a purchase transaction, the number pre-coded to be indicative of a specific credit card account." Pet. 13 (citation omitted). In our Decision to Institute, we construed "generating a transaction code," under the broadest reasonable interpretation, to mean "creating or producing a code that is usable as a substitute for a credit card number in a purchase transaction, the transaction code is pre-coded to be indicative of a specific credit card account." Dec. 6–7.

Patent Owner argues that "generating a transaction code" means "producing a code that is usable in substitution for a credit card number in a purchase transaction, the code being *indicative of a customer account and a payment category*." PO Resp. 4–5 (emphasis added). Patent Owner specifically argues that our construction of "generating a transaction code" is overly narrow by requiring that the transaction code is pre-coded to be indicative of only a "credit card account," and should be broadly construed to include both a credit card account or debit card account. *Id.* at 5–9. Patent Owner additionally argues that the '988 patent claims specifically require that the generated transaction code indicates or reflects the payment category. *Id.* at 8. Petitioner responds that such a broadening of this limitation is unnecessary because the claims limit the scope of this limitation to "credit card" purchases. Pet. Reply 2. Petitioner also responds that claim

differentiation, specifically claim 5, precludes "generating a transaction code" from indicating or reflecting a "payment category." *Id.*

We agree with Petitioner in part and Patent Owner in part. Claim 21 recites "generating a transaction code . . . said transaction code associated with said account and reflecting at least the limits of said payment category." Accordingly, the '988 patent claims require that the "transaction code" is both associated with the account and reflects the limits of the payment category.

Claim 21 additionally recites "[a] method for . . . performing secure credit card purchases" and "identifying an account that is used to make credit card purchases." Accordingly, the '988 patent claims limit the scope of the "account" to "credit card purchases." Based on the foregoing discussion, under the broadest reasonable interpretation and based on the '988 patent claim limitations, we construe "generating a transaction code" to mean "creating or producing a code that is usable as a substitute for a credit card number in a purchase transaction, the transaction code is pre-coded to be indicative of a specific credit card account and reflecting the limits of the payment category."

2. *"defining at least one payment category"*

Independent claim 1 recites "defining at least one payment category." Claim 1 further recites the payment category includes "limiting a number of transactions to one or more merchants" and "said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants." Independent claims 17, 19, 21, and 22 recite similar limitations. Based on the context of the '988 patent specification, and under the broadest

reasonable interpretation, we construed this limitation to mean "specifying the type of limitation (or limitations) that are available to be applied to a transaction code in order to limit its use." Dec. 7–8.

Patent Owner argues that this construction is not the broadest reasonable interpretation, and should be construed to mean "specifying the limit (or limits) of a payment category that are applied to a transaction code in order to limit its use." PO Resp. 9–10. Patent Owner specifically argues that the "defining" is to "mark the limits of the payment category." *Id.* Petitioner argues that Patent Owner's construction fails to give meaning to the term "payment category" and, therefore, Patent Owner's construction is not the broadest reasonable interpretation. Pet. Reply 2–3.

We agree with Petitioner. Patent Owner's proposed construction does not provide any meaning to the term "payment category." As we had determined in our Decision to Institute, the '988 patent does not provide a definition for the term "payment category." Dec. 7–8. Rather, the '988 patent describes a variety of possibilities, for example: 1) "[e]ach of the payment categories are reflective of a different type of payment desired or required to consummate the intended purchase"; 2) payment categories "may include a single transaction involving a specific dollar amount for a purchase within a specific time period"; or, 3) "a single transaction may be involved . . . [with] a maximum limit or a dollar amount." Ex. 1001, 3:53–64. Accordingly, we construe "defining a payment category" to mean "specifying the type of limitation (or limitations) that are available to be applied to a transaction code in order to limit its use." *See* Dec. 7–8; Pet. 13–14.

3. *"particular merchant," "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant," and "one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants"*

We previously construed the term "particular merchant" to mean "the merchant with whom the customer is transacting." Dec. 9. We also construed "[said] single merchant limitation being included in said payment category prior to any particular merchant being identified as [said] single merchant" to mean "any group, category, or type of merchant is included in the payment category prior to the customer selecting a particular merchant for a transaction." *Id.* at 8–10. Patent Owner argues this is not the broadest reasonable interpretation of "particular merchant" and submits that "particular merchant" should be construed to mean "a specific merchant with whom a customer can engage in a purchase transaction." PO Resp. 12–14. Patent Owner does not provide any further explanation for their proposed construction. Petitioner argues that Patent Owner's construction is incorrect because Patent Owner argued "the exact opposite to obtain allowance during the *ex parte* prosecution of the parent '486 patent." Pet. Reply 3 (citing Ex. 1013, 187).

We decline to adopt Patent Owner's construction of "particular merchant." We are not persuaded that adding the term "specific" to our construction alters the meaning of our construction of "particular merchant." Independent claim 21 recites "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." Patent Owner fails to provide us with a meaningful explanation as to how transactions are limited to a single merchant, without

identifying any particular merchant. Accordingly, we determine that the "single merchant" includes the "particular merchant" without identifying the particular merchant. Absent such a relationship between the recited "single merchant" and "particular merchant," the claim language would be indefinite as ambiguously limiting transactions to an unidentified, particular merchant.[5] Accordingly, we maintain our preliminary construction of "particular merchant" to mean "the merchant with whom the customer is transacting."

Patent Owner further argues that the plain and ordinary meaning of "merchant" is "someone who buys and sells goods." PO Resp. 19–22 (citing Ex. 2007 ¶¶ 19, 24; Ex. 2005, 3). We agree with Patent Owner. We note that this broad definition for the term "merchant" is not limited by any business association or corporate relationship such that specific stores within a chain of stores are not individually merchants.

Patent Owner further argues that "'said single merchant limitation' simply refers to and is synonymous with the recited phrase 'limits

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[5] In addition to a number of other arguments, Patent Owner made this same argument before the Examiner during the Reexamination of the '988 patent:

> Further, the examiner's argument fails because the examiner incorrectly construes "a particular merchant" to apparently mean a merchant that is defined by its location, which is an improper construction. In light of the '988 patent specification, the correct meaning of a particular merchant is simply an identifiable merchant that a customer can use the transaction code with to make purchases.

Reexamination Proceeding No. 90/012,517, App. Br. 18. This argument is not a clear disavowal as it obfuscates any clear meaning of "particular merchant" for the reasons noted.

transactions to a single merchant'" and is not limited to "groups, cateogories, or types of merchants." *Id.* We agree with Patent Owner. Independent claim 21 recites "receiving a request . . . to make a purchase within a payment category that at least *limits* transactions to a single merchant, said single merchant *limitation* being included in said payment category." (Emphasis added). Patent Owner explains that the "single merchant limitation" limits the number of merchants to a single merchant. PO Resp. 19–20; Tr. 32:1–5; Ex. 2007 ¶ 22. Accordingly, we construe the limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant" to mean "the merchant transactions are limited to a single merchant and are included in the payment category prior to the customer selecting a particular merchant for a transaction." Independent claims 1, 17, 19, and 22 recite "one or more merchants" instead of a "single merchant," but otherwise recite similar limitations. Patent Owner acknowledges that the recited "one or more merchants" limitation encompasses the recited "single merchant" limitation. Tr. 56:6–12.

4. "one or more merchants" and "a number of transactions"

Independent claim 1 recites "one or more merchants" and "a number of transactions." Independent claims 17, 19, 21, and 22 recite similar limitations. In CBM2013-00057, we previously construed these limitations of the '988 patent to mean "one or more transactions, where the number of transactions is limited to a finite number" and "one merchant up to a plurality of merchants, where the number of merchants is a finite number," respectively. *Mastercard Int'l Inc. v. D'Agostino*, Case CBM2013-00057, slip op. at 8–9 (PTAB March 7, 2014). Petitioner and Patent Owner accept

these constructions, and we maintain these constructions for this case. Pet. 14; PO Resp. 14–15.

II. ANALYSIS

A. Anticipation of Claims 1–10, 15-25, 27–33, and 35–38 by Cohen

1. Overview

Petitioner contends that claims 1–10, 15–25, 27–33, and 35–38 of the '988 patent are unpatentable under 35 U.S.C. § 102(e) as anticipated by Cohen. Pet. 15–32. Petitioner provides citations for where each claim limitation is described by Cohen. *Id.* We have reviewed the Petition and supporting evidence and find that Petitioner has shown that Cohen anticipates the challenged claims. *See id*.

2. Cohen (Ex. 1004)

Cohen describes a system of disposable credit card numbers, where the credit card numbers are generated for a one-time, single transaction basis, after which they are disposed of, or thrown away. Ex. 1004, 2:35–37. In general, a user dials into her credit card company and provides the ordinary credit card number and verification data, and may further indicate the transaction for which the customized credit card number will be used. *Id.* at 3:41–53. The user then is provided with a disposable or customized credit card number for a single or limited range use. *Id.*

For example, an employee's credit card may be authorized to purchase a computer system, thereby transforming the credit card to a customized credit card that is valid for only that particular type of purchase. *Id.* at 8:24–35. The card also can be customized for use in a particular store or a particular chain of stores. *Id*.

3. Analysis

Petitioner contends that claims 1–10, 15–25, 27–33, and 35–38 of the '988 patent are unpatentable under 35 U.S.C. § 102(e) as anticipated by Cohen. Pet. 15–32. Patent Owner argues that Cohen fails to disclose "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant" and "generating a transaction code utilizing a processing computer of a custodial authorizing entity, said transaction code associated with said account and reflecting at least the limits of said payment category, to make a purchase within said payment category," as recited by claim 21. PO Resp. 24–32. Patent Owner specifically argues that (a) Cohen's merchant type limit fails to disclose "prior to any particular merchant being identified," (b) Cohen's type of store limit and type of charges fail to disclose a "single merchant limitation," (c) Cohen's certain store limit cannot be made before identifying a specific merchant as the certain store, (d) Cohen's group of stores limit is not a limit to a single merchant and cannot be made before identifying specific stores as members of the group of stores, and (e) Cohen's particular chain of stores limit cannot be made before identifying a particular merchant.[6] *Id.* Patent Owner further argues that Cohen fails to disclose

[6] Patent Owner further argues that the Ex Parte Reexamination of the '988 patent confirmed claims 21 and 23–30 because Cohen fails to disclose "single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." PO Resp. 33; *see* Ex. 1021, 4. However, unless Patent Owner made arguments creating a clear disavowal of claim scope that demonstrate how Cohen fails to meet a disputed limitation, we are not bound, under statute or otherwise, by such arguments. Given that this proceeding and the Reexamination proceeding were concurrent, Patent Owner failed in its duty to clarify its

"designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated." *Id.* at 39–45. In other words, Patent Owner argues that Cohen fails to disclose (a) the single merchant limitation, (b) said single merchant limitation is included *prior* to any particular merchant being identified as the single merchant, and (c) designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated.

Although we discuss these arguments with respect to claims 21 and 23–30, Patent Owner presents similar arguments for claims 1–10, 15–20, 22, and 31–38. *See id.* at 34–45. Because claims 1–10, 15–20, 22, and 31–38 recite "one or more merchants," which encompasses claim 21's recitation of "single merchant," we specifically address claim 21. Patent Owner acknowledges that the recited "one or more merchants" limitation encompasses the recited "single merchant" limitation, and, therefore, if Cohen meets the "single merchant" limitations of claims 21 and 23–30,

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claim meaning during the Reexamination proceeding. *See supra*, note 5. We instituted review of the claims prior to the issuance of the Reexamination Certificate. Patent Owner also had an opportunity to amend claims in each proceeding. Moreover, this case involves a different evidentiary record that has been supplemented by arguments and evidence by Petitioner that was not before the Examiner in the Reexamination proceeding. These supplemental arguments and evidence include those impacting the claim construction and application of a "single merchant" to passages in Cohen not discussed in the Reexamination proceeding. *See Tempo Lighting, Inc. v. Tivoli, LLC*, 742 F.3d 973, 978 (Fed. Cir. 2014) (The "court . . . observes that the PTO is under no obligation to accept a claim construction proffered as a prosecution history disclaimer, which generally only binds the patent owner.").

Cohen must necessarily meet the limitations of claims 1–10, 15–20, 22, and 31–38. *See* Tr. 56:6–12.

a. Single Merchant Limitation

Patent Owner argues that Cohen's disclosure of limiting a credit card's use to a type of store, a type of charge, or to a group of stores does not meet the "single merchant" limitation. PO Resp. 28–31. Patent Owner specifically argues that these disclosures by Cohen "cannot meet the disputed claim limitation, because the claim limitation requires a payment category that limits transactions to a [sic] one merchant." *Id.* at 29 (citing Ex. 2007 ¶¶ 46, 47). Patent Owner also argues that Cohen's disclosure of a group of stores does not meet this limitation because the "phrase 'group of stores' itself means more than one merchant.'" *Id.* at 30. Patent Owner further argues that Cohen's particular chain of stores disclosure fails to meet the "single merchant limitation." *Id.* at 31–32. We disagree with Patent Owner. As discussed above, we construe the "single merchant" limitation as limiting transactions to a single merchant. *See supra* Section I.E.3. We further agree with Patent Owner's broad construction of "merchant" to mean "someone who buys and sells goods." *Supra* Section I.E.3. Accordingly, under the broadest reasonable construction, the "single merchant" limitation includes limiting transactions to any chain of stores or group of stores that is identified as a single merchant.

Petitioner contends that Cohen discloses a card that can be customized such that it can be valid only for purchases in a particular store or a particular chain of stores, such as a particular restaurant or a particular chain of restaurants. Pet. Reply 6 (citing Ex. 1004, 8:25–39); Pet. 27 (citing Ex. 1004, 8:25–39); Ex. 1004, 8:25–39. As discussed above, the "particular

merchant" is "the merchant with whom the customer is transacting," and the "single merchant" includes the "particular merchant" in a broad manner without identifying the particular merchant. *See supra* Section I.E.3. The relationship between a chain of stores and a particular store satisfies the relationship between the "single merchant" and the "particular merchant." For example, the "single merchant" could be Target or McDonald's chain of stores, where a "particular merchant" could be a specific Target or McDonald's store, e.g., at a particular location or online. *See* PO Resp. 31–32; Tr. 33:19–37:2. Patent Owner argues that in such a scenario Target or McDonald's is both the "single merchant" limitation and the "particular merchant" (Tr. 33:1–37:5), however, Patent Owner has not directed us to evidence or provided a rationale to rebut our construction that the chain of stores is the "single merchant" and the specific store in the chain of restaurants is the "particular merchant." Accordingly, we find that Cohen discloses the recited "single merchant" limitation.

b. Single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant

Patent Owner argues that Cohen's particular chain of stores requires identifying a specific chain of stores prior to limiting to that particular store or particular chain of stores, and, therefore, does not meet the disputed claim limitation. PO Resp. 29–32. Patent Owner specifically argues that "[i]t is known that a chain of stores consists of series of stores that are owned by one ownership and selling the same goods," and, as such, the particular merchant necessarily must have been identified when the single merchant was identified—contrary to the claim limitation. *See id.* at 31 (citing Ex. 2007 ¶¶ 41–42).

We disagree with Patent Owner. As discussed above, we construed the relationship between the recited "particular merchant" and "single merchant" such that the "single merchant" includes the particular merchant as a member of the single merchant chain, without identifying the particular merchant. *See supra* Section I.E.3. In other words, for example, a "single merchant" can be the chain of stores, whereas the "particular merchant" is a single store of that chain of stores. *Supra* Section I.E.3; *see supra* Section II.A.3.a. Patent Owner agrees that a chain of stores may have single ownership. *See* Tr. 36:21–37:2. Given such single ownership, Patent Owner has not set forth persuasive evidence or rationale to demonstrate that it precludes our construction of a "single merchant" as the chain of stores and a "particular merchant" as a specific store in that chain of stores. *See supra* Section I.E.3; Section II.A.3.a. As discussed above, our claim construction of a "single merchant" as the chain of stores and a "particular merchant" as a specific store in that chain of stores constitutes the broadest reasonable construction of the term. *See id.* Accordingly, we agree with Petitioner that Cohen's disclosure of a credit card that is valid only for purchases in a specific chain of stores, such as a specific chain of restaurants, meets this disputed limitation. Pet. Reply 6 (citing Ex. 1004, 8:25–39); Pet. 27–28.

c. Designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated

Patent Owner argues that independent claims 1, 17, 19, 21, and 22 require that the step of "generating the transaction code" is performed after identifying an account and designating or selecting a payment category. PO Resp. 40–41. Patent Owner argues that although Cohen discloses customizing a credit card, Cohen fails to disclose "defining/selecting

customized use of the credit card number before the credit number is generated." *Id.* at 41–45.

Although the claims require designating/selecting a payment category before the generation of the transaction code, we disagree with Patent Owner that Cohen fails to disclose this limitation. Cohen discloses that "a user dials into her credit card company before making a transaction, and . . . is provided with a disposable or customized number." Ex. 1004, 3:42–49. Cohen also discloses that "a user can indicate in advance of purchase, on the telephone call with the credit card company, what the single use or the customized credit card number is to be used for." *Id.* at 3:50–53. Although Patent Owner argues that Cohen does not explicitly disclose the step of designating or selecting a payment category precedes the generation of a transaction code, we find, based on the record before us, that a person with ordinary skill in the art would have understood from this disclosure that a user dials in to her credit card company and performs both the task of requesting a disposable or customized number and indicates what the customized credit card number is to be used for. Pet. Reply 13–14; Tr. 57:11–21; *see* Ex. 1004, 3:42–53. We find that a reading of Cohen that precludes a user from performing both steps in a single call is unreasonable. *Id*.

Additionally, Cohen discloses that customized cards "can either be preset for certain uses, or the cards can be ready and waiting in the user's office or home for setting to the desired use when the user is ready." Pet. Reply 14–15 (emphasis omitted)(citing Ex. 1004, 3:63–67). With this disclosure, Cohen is setting forth that the customized use for a card can be preset, or set subsequent to the issuance of the card. *Id.* We find that a

person with ordinary skill in the art would have understood that Cohen presents two options, where the preset option limits the customized card prior to the generation of the transaction code. *Id.*

Even further, Cohen discloses that "relevant information (such as the expiration date etc.) can either be printed on the card or verbally transmitted to the user. Likewise, the limited use nature of the card (either in a general sense or the specific limitations), the disposability of the card, the range of dates or validity of the card, etc. may either be printed on the card or transmitted to the user, whether verbally or in writing." Ex. 1004, 3:19–25. Again, we find that a person with ordinary skill in the art would have understood that the designation of the limited use card and the subsequent printing of the limits on the card suggests that the designation of the limits is done prior to the step of generating the transaction code and printing of all of the information on the customized card. Tr. 17:17–22, 51:4–52:19; *see* Ex. 1004, 3:19–25.

4. Conclusion

We have reviewed the Petition and supporting evidence and find that Petitioner has shown that Cohen anticipates all of the limitations of the challenged claims. *See* Pet. 15–32.

B. Obviousness of Claims 11–14, 26, and 34 over Cohen and Musmanno

Petitioner contends that claims 11–14, 26, and 34 would have been obvious over the combination of Cohen and Musmanno. *Id.* at 32–36. Petitioner provides a detailed explanation, including citations to Cohen and Musmanno, as to how the combination of Cohen and Musmanno discloses each limitation of claims 11–14, 26, and 34. *Id.* Petitioner further provides

an articulated reasoning with a rational underpinning to support its conclusion of obviousness. *Id.* For example, Petitioner contends that Cohen discloses claim 1, as discussed above, and further discloses that Cohen's transaction code can be used repeatedly for a range of dates or a series of dates, as recited by claim 11. *Id*. at 34 (citing Ex. 1004, 7:44–62). Petitioner further argues that Musmanno discloses that a predetermined amount from a master account is transferred to at least two subaccounts at a fixed time interval. *Id.* (citing Ex. 1006, 5:53–59). Petitioner also argues that applying the repeating transaction steps of Musmanno to the transaction code generation steps of Cohen would not change the respective functions of each step and such a combination would have yielded the predictable result of the ability to use Cohen's transaction code for repeating transactions for a fixed amount at fixed intervals. *Id.* at 33–34 (citing Ex. 1008 ¶ 69).

Patent Owner argues that claims 11–14, 26, and 34 depend from independent claims 1, 21, and 22, and, therefore, the combination of Cohen and Musmanno fails to disclose dependent claims 11–14, 26, and 34 for the same reasons discussed above with regard to claims 1, 21, and 22. PO Resp. 45. We are not persuaded by Patent Owner's arguments in support of claims 1, 21, and 22 for the reasons discussed above. *See supra* Section II.A.3.

We have reviewed the Petition and supporting evidence and find that Petitioner has shown that the combination of Cohen and Musmanno meets all of the limitations of claims 11–16, 26, and 34. *See* Pet. 32–36. We further agree with the rationale for this combination of references articulated by Petitioner. *See Id*. 32–36 (citing Ex. 1008 ¶ 69).

C. Petitioner's Motion to Exclude

Petitioner moves to exclude the declaration of Mr. Edward L. Gussin, under Federal Rules of Evidence 702, as not qualified as an expert on the subject matter of the '988 patent. Mot. 1. Petitioner argues that both Mr. Gussin and Petitioner's declarant, Dr. Jack D. Grimes, agree that a person with ordinary skill in the art has (1) a bachelor of science degree in electrical engineering or computer science, or the equivalent, and (2) at least three years of experience in "payment card payment technologies, including experience in existing, accepted remote payment card transaction practices" at the time of the invention. *Id.* at 3 (emphasis omitted)(citing Ex. 1008 ¶ 18; Ex. 2007 ¶¶ 22–23). Petitioner argues that "to be qualified as an expert, one must at least be a person of ordinary skill" and there is no evidence that Mr. Gussin has the qualifications he agrees are required for a person with ordinary skill in the art. *Id.* at 1 (citing *Sundance, Inc. v. Demonte Fabricating Ltd*., 550 F.3d 1356, 1363 (Fed. Cir. 2008)). Specifically, Petitioner argues that Mr. Gussin does not have at least three years of experience in the payment industry, card payment technologies, or with remote payment card transaction practices. *Id.* at 4; Reply to Opp. to Mot. 2–4.

Patent Owner argues that Mr. Gussin has (1) a master of science degree in electrical engineering, (2) thirty-nine years of electrical engineering experience developing hardware and software systems related to the present invention, and (3) served as an expert on claim construction issues and is listed as an inventor on software patents. Opp. to Mot. 2–5. Patent Owner asserts that this experience provides Mr. Gussin with the

necessary skill and knowledge relevant to the technology of the '988 patent. *Id.* at 3–4.

We are not persuaded that we should exclude Mr. Gussin's testimony. Mr. Gussin's extensive experience and education certainly qualify him to provide expert testimony in general hardware and software technologies. *See* Ex. 2007, Appendix A. To the extent Mr. Gussin is more familiar with general hardware and software technologies and less familiar with "payment card payment technologies," we weigh Mr. Gussin's testimony accordingly. *See Yorkey v. Diab*, 601 F.3d 1279, 1284 (Fed. Cir. 2010) (holding the Board has discretion to give more weight to one item of evidence over another "unless no reasonable trier of fact could have done so"); *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1368 (Fed. Cir. 2004) ("[T]he Board is entitled to weigh the declarations and conclude that the lack of factual corroboration warrants discounting the opinions expressed in the declarations."). Accordingly, Petitioner's argument goes more to the weight we should accord Mr. Gussin's testimony, rather than its admissibility, and it is within our discretion to assign the appropriate weight to Mr. Gussin's testimony.

Petitioner further moves to exclude Mr. Gussin's declaration because it relies on claim constructions inconsistent with our Decision to Institute. Mot. 5–6; Reply to Opp. to Mot. 4–5. Patent Owner responds that "[n]othing requires Mr. Gussin's testimony to be consistent with or constrained by the Board's preliminary claim constructions." Opp. to Mot. 6. We agree with Patent Owner. Our preliminary Decision is not a final determination. *See* Dec. 20. Accordingly, Patent Owner is permitted to

provide evidence towards claim construction, regardless of our initial determinations.

For the reasons discussed above, we are not persuaded to exclude Mr. Gussin's testimony. Petitioner's Motion to Exclude is *denied*.

III. CONCLUSION

We are persuaded that Petitioner has demonstrated by a preponderance of the evidence that claims 1–38 of the '988 patent are unpatentable.

IV. ORDER

Accordingly, it is hereby:

ORDERED that, based on the grounds under review, claims 1–38 of U.S. Patent No. 8,036,988 have been shown by a preponderance of the evidence to be unpatentable;

FURTHER ORDERED that Petitioner's Motion to Exclude is *denied*; and

FURTHER ORDERED that this is a Final Written Decision of the Board under 35 U.S.C. § 318(a), and parties to the proceeding seeking judicial review of this decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

IPR2014-00543
Patent No. 8,036,988 C1

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Paper 22
Entered: August 31, 2015

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASTERCARD INTERNATIONAL INCORPORATED,
Petitioner,

v.

JOHN D'AGOSTINO,
Patent Owner.

Case IPR2014-00544
Patent 7,840,486 B2

Before SALLY C. MEDLEY, KARL D. EASTHOM, and KALYAN K. DESHPANDE, *Administrative Patent Judges*.

DESHPANDE, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 318(a); 37 C.F.R. § 42.73

I. INTRODUCTION

A. Background

MasterCard International Incorporated ("Petitioner") filed a Petition requesting an *inter partes* review of claims 1–30 of U.S. Patent No. 7,840,486 B2 (Ex. 1001; "the '486 patent"). Paper 1 ("Pet."). John D'Agostino ("Patent Owner") filed a Preliminary Response. Paper 6 ("Prelim. Resp."). Pursuant to 35 U.S.C. § 314, we instituted *inter partes* review of the '486 patent, on September 4, 2014, as to claims 1–15 and 22–30 under 35 U.S.C. § 102(e) as anticipated by Cohen,[1] and as to claims 16–21 under 35 U.S.C. § 103(a) as obvious over Cohen and Musmanno.[2] Paper 7 ("Dec.").

Patent Owner filed a Response (Paper 11, "PO Resp."), and Petitioner filed a Reply (Paper 12, "Pet. Reply"). Petitioner filed a Motion to Exclude evidence (Paper 14, "Mot."), Patent Owner filed an Opposition to Petitioner's Motion to Exclude evidence (Paper 17, "Opp. to Mot."), and Petitioner filed a Reply in support of its Motion to Exclude (Paper 18, "Reply to Opp. to Mot."). Oral hearing was held on May 12, 2015, and the hearing transcript has been entered in the record. Paper 21 ("Tr.").

The Board has jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision is issued pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73. For the reasons discussed below, we are persuaded that Petitioner has shown by a preponderance of the evidence that claims 1–30 of the '486 patent are unpatentable. Petitioner's Motion to Exclude is *denied*.

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[1] U.S. Patent No. 6,422,462 B1 (Ex. 1004, "Cohen").

[2] U.S. Patent No. 5,826,243 (Ex. 1006, "Musmanno").

B. Related Proceedings

Petitioner identifies the following related district court proceeding involving the '486 patent and in which Petitioner is a party: *D'Agostino v. MasterCard, Inc.*, No. 1:13–cv–00738 (D. Del. filed Apr. 26, 2013). Pet. 58.

In related proceeding IPR2014-00543, Petitioner seeks review of U.S. Patent No. 8,036,988 C1 ("the '988 patent"), which claims priority to the '486 patent. *Id.* Petitioner also identifies the '988 patent as the subject of *Ex Parte* Reexamination proceeding No. 90/012,517. *Id.* at 6–13.

Petitioner previously sought a covered business method patent review of the '486 patent in proceeding CBM2013–00058, but we had denied institution of review. *Id.* at 13–14; *Mastercard Int'l Inc. v. D'Agostino,* Case CBM2013-00058 (PTAB Mar. 7, 2014) (Paper 10). Specifically, we denied institution of review because Petitioner had not demonstrated that Cohen or Flitcroft qualifies as prior art under Section 18(a)(1)(C) of the AIA,[3] because

[3] Under section 18(a)(1)(C) of AIA, a petitioner in a transitional proceeding who challenges the validity of one or more claims in a covered business methods patent on grounds of of unpatentability under §§ 102 and 103 may only support such grounds on the following basis:

> (i) prior art that is described by section 102(a) of such title (as in effect on the day before such effective date); or
>
> (ii) prior art that—
>
> (I) discloses the invention more than 1 year before the date of the application for patent in the United States; and
>
> (II) would be described by section 102(a) of such title (as in effect on the day before the effective date set forth in section 3(n)(1)) if the disclosure has been made by another before the invention thereof by the applicant for patent.

neither Cohen nor Flitcroft was published prior to the effective filing date of the '486 patent. *Mastercard Int'l Inc. v. D'Agostino,* Case CBM2013-00058, slip op. at 8–9 (PTAB Mar. 7, 2014).

C. The '486 Patent

The '486 patent discloses a method and system of performing secure credit card purchases. Ex. 1001, Abstract. The method and system increase overall security by minimizing access to credit card numbers, without having to deviate substantially from existing credit card transaction practices. *Id*. at 1:13–23.

AIA Section 18(a)(1)(C). This section does not apply to an *inter partes* review. 35 U.S.C. § 311(b) allows for a challenge in an *inter partes* review to be raised "on the basis of prior art consisting of patents or printed publications." Accordingly, Cohen and Flitcroft qualify as prior art in an *inter partes* review.

Figure 3 of the '486 patent follows:

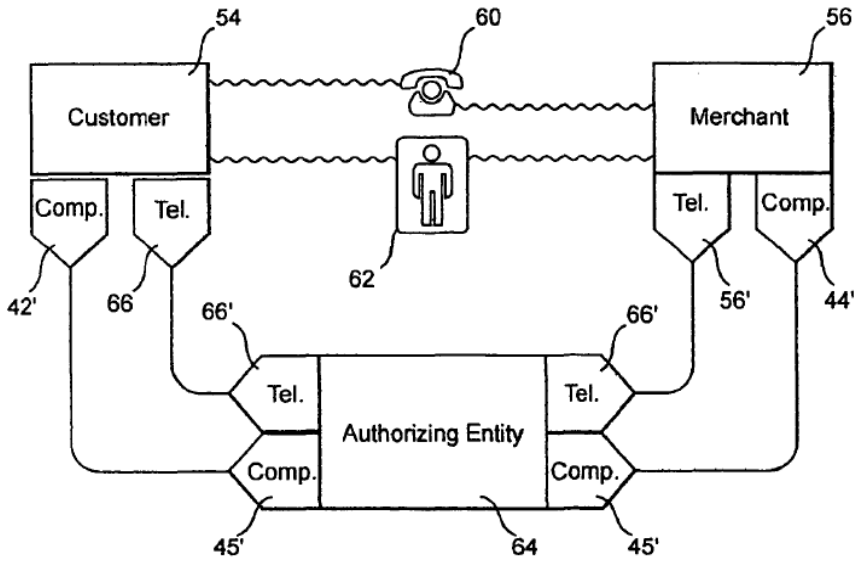

FIG. 3

Figure 3, depicted above, schematically represents a secure credit card transaction system, where the customer-to-merchant contact is by phone or in person. As shown above in Figure 3, customer 54 receives promotional information from merchant 56, either by telephone 60 or in person 62. Ex. 1001, 7:25–30. Customer 54 then contacts custodial authorizing entity 64, by either telephone 66' or computer 45', for authorization. *Id*. at 7:30–38. After confirming authorization, authorizing entity 64 establishes details of the anticipated transaction to determine a payment category, and then issues a transaction code to the customer. *Id.* at 7:38–41. The customer can utilize the transaction code to consummate a transaction within the defined parameters of the payment category, and the merchant can obtain verification and subsequent payment utilizing the transaction code only. *Id*. at 7:41–50.

D. Illustrative Claim

Petitioner challenges claims 1–30 of the '486 patent. Pet. 17–58. Claim 1 is illustrative of the claims at issue and is reproduced below:

> 1. A method of performing secure credit card purchases, said method comprising:
>
> a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;
>
> b) supplying said custodial authorizing entity with at least account identification data of said customer's account;
>
> c) defining a payment category including at least limiting purchases to a single merchant for at least one transaction, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;
>
> d) designating said payment category thereby designating at least that transaction code generated in accordance with said payment category can be used by only one merchant;
>
> e) generating a transaction code by a processing computer of said custodial authorizing entity, said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category;
>
> f) communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters;
>
> g) verifying that said defined purchase parameters are within said designated payment category; and
>
> h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.

Ex. 1001, 8:52–9:14.

E. Claim Construction

The Board interprets claims of an unexpired patent using the broadest reasonable interpretation in light of the specification of the patent in which

they appear. *See* 37 C.F.R. § 42.100(b); *see also In re Cuozzo Speed Techs., LLC*, No. 2014-1301, 2015 WL 4097949 at *7–*8 (Fed. Cir. July 8, 2015) ("Congress implicitly approved the broadest reasonable interpretation standard in enacting the AIA," and "the standard was properly adopted by PTO regulation."). Under the broadest reasonable interpretation standard, claim terms are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the entire disclosure. *In re Translogic Tech. Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

1. "generating a transaction code"

Independent claims 1, 24, 25, and 29 recite "generating a transaction code." Petitioner, in its Petition, proposes this limitation means "creating a code usable as a substitute for a credit card number in a purchase transaction, the number pre–coded to be indicative of a specific credit card account." Pet. 15 (citation omitted). In our Decision to Institute, we construed "generating a transaction code," under the broadest reasonable construction, to mean "creating or producing a code that is usable as a substitute for a credit card number in a purchase transaction, the transaction code is pre-coded to be indicative of a specific credit card account." Dec. 6–7.

Patent Owner argues that "generating a transaction code" means "producing a code that is usable in substitution for a credit card number in a purchase transaction, the code being *indicative of a customer account and a payment category*." PO Resp. 4–5 (emphasis added). Patent Owner specifically argues that our construction of "generating a transaction code" is overly narrow by requiring that the transaction code is pre-coded to be

indicative of only a "credit card account," and should be broadly construed to include both a credit card account or debit card account. *Id.* at 5–8. Patent Owner additionally argues that the '486 patent claims specifically require that the generated transaction code indicates or reflects the payment category. *Id.* at 6–7. Petitioner responds that such a broadening of this limitation is unnecessary because the claims limit the scope of this limitation to "credit card" purchases. Pet. Reply 2. Petitioner also responds that claim differentiation, specifically claim 8, precludes "generating a transaction code" from indicating or reflecting a "payment category." *Id.*

We agree with Petitioner. Claim 1 recites "generating a transaction code . . . said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category." In contrast to the '988 patent under review in IPR2014-00543, the claims do not require the "transaction code [to be] associated with said account." Accordingly, the '486 patent claims and specification do not require that the "transaction code" is associated with the account and we decline to import such a limitation in to its meaning.

Claim 1 additionally recites "[a] method of . . . performing secure credit card purchases" and "a customer's account that is used to make credit card purchases." Accordingly, the '486 patent claims limit the scope of the "account" to "credit card purchases." Based on the foregoing discussion, under the broadest reasonable interpretation and based on the '486 patent claim limitations, we construe "generating a transaction code to mean "creating or producing a code that is usable as a substitute for a credit card number in a purchase transaction, the transaction code is reflecting the limits of the payment category."

2. "defining at least one payment category"

Independent claim 1 recites "defining a payment category." Claim 1 further recites the payment category includes "limiting purchases to a single merchant" and "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." Independent claims 24, 25, and 29 recite similar limitations. Based on the context of the '486 patent specification, and under the broadest reasonable interpretation, we construed this limitation to mean "specifying the type of limitation (or limitations) that are available to be applied to a transaction code in order to limit its use." Dec. 7–8.

Patent Owner argues that this construction is not the broadest reasonable interpretation, and should be construed to mean "specifying the limit (or limits) of a payment category that are applied to a transaction code in order to limit its use." PO Resp. 9–10. Patent Owner specifically argues that the "defining" is to "mark the limits of the payment category." *Id.* Petitioner argues that Patent Owner's construction fails to give meaning to the term "payment category" and, therefore, Patent Owner's construction is not the broadest reasonable interpretation. Pet. Reply 2–3.

We agree with Petitioner. Patent Owner's proposed construction does not provide any meaning to the term "payment category." As we had determined in our Decision to Institute, the '486 patent does not provide a definition for the term "payment category." Dec. 6–7. Rather, the '486 patent describes a variety of possibilities, for example: 1) "[e]ach of the payment categories are reflective of a different type of payment desired or required to consummate the intended purchase"; 2) payment categories "may include a single transaction involving a specific dollar amount for a purchase

within a specific time period"; or, 3) "a single transaction may be involved . . . [with] a maximum limit or a dollar amount." Ex. 1001, 3:48–59. Accordingly, we construe "defining a payment category" to mean "specifying the type of limitation (or limitations) that are available to be applied to a transaction code in order to limit its use." *See* Dec. 6–7; Pet. 15.

3. "particular merchant" and "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant"

We previously construed the term "particular merchant" to mean "the merchant with whom the customer is transacting." Dec. 8. We also construed "[said] single merchant limitation being included in said payment category prior to any particular merchant being identified as [said] single merchant" to mean "any group, category, or type of merchant is included in the payment category prior to the customer selecting a particular merchant for a transaction." *Id.* at 7–8. Patent Owner argues this is not the broadest reasonable interpretation of "particular merchant" and submits that "particular merchant" should be construed to mean "a specific merchant with whom a customer can engage in a purchase transaction." PO Resp. 11–13. Patent Owner does not provide any further explanation for their proposed construction. Petitioner argues that Patent Owner's construction is incorrect because Patent Owner argued "the exact opposite to obtain allowance during the *ex parte* prosecution of the parent '486 patent." Pet. Reply 3 (citing Ex. 1013, 187).

We decline to adopt Patent Owner's construction of "particular merchant." We are not persuaded that adding the term "specific" to our construction alters the meaning of our construction of "particular merchant." Independent claim 1 recites "said single merchant limitation being included

in said payment category prior to any particular merchant being identified as said single merchant." Patent Owner fails to provide us with a meaningful explanation as to how transactions are limited to a single merchant, without identifying any particular merchant.[4] Accordingly, we determine that the "single merchant" includes the "particular merchant" without identifying the particular merchant. Absent such a relationship, the claim language would be indefinite as ambiguously limiting transactions to an unidentified particular merchant. Accordingly, we maintain our construction of "particular merchant" to mean "the merchant with whom the customer is transacting."

Patent Owner further argues that the plain and ordinary meaning of "merchant" is "someone who buys and sells goods." PO Resp. 15 (citing Ex. 2007 ¶ 17; Ex. 2005, 3). We agree with Patent Owner. We note that this broad definition for "merchant" is not limited by any business association or corporate relationship.

Patent Owner further argues that "'said single merchant limitation' simply refers to and is synonymous with the recited phrase 'limiting

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[4] In addition to a number of other arguments, Patent Owner made this same argument before the Examiner during the Reexamination of the '988 patent:

> Further, the examiner's argument fails because the examiner incorrectly construes "a particular merchant" to apparently mean a merchant that is defined by its location, which is an improper construction. In light of the '988 patent specification, the correct meaning of a particular merchant is simply an identifiable merchant that a customer can use the transaction code with to make purchases.

Reexamination Proceeding No. 90/012,517, App. Br. 18. This argument is not a clear disavowal as it obfuscates any clear meaning of "particular merchant" for the reasons noted.

purchases to a single merchant'" and is not limited to "groups, categories, or types of merchants." *Id.* We agree with Patent Owner. Independent claim 1 recites "defining a payment category including at least *limiting* purchases to a single merchant for at least one transaction, said single merchant *limitation* being included in said payment category." (Emphasis added). Patent Owner explained that the "single merchant limitation" limits the number of merchants to a single merchant. PO Resp. 14; Tr. 32:1–5; Ex. 2007 ¶ 15. Accordingly, we construe the limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant" to mean "the merchant transactions are limited to a single merchant and are included in the payment category prior to the customer selecting a particular merchant for a transaction."

II. ANALYSIS[5]

A. Anticipation of Claims 1–15 and 22–30 by Cohen

1. Overview

Petitioner contends that claims 1–15 and 22–30 of the '486 patent are unpatentable under 35 U.S.C. § 102(e) as anticipated by Cohen. Pet. 17–31. Petitioner provides citations for where each claim limitation is described by

[5] Petitioner states that in the '486 patent prosecution history, Patent Owner "disclaimed the ability to enforce the '988 patent beyond the term of the '486 Patent – conceding that the claims of the '486 patent and those of the '988 patent are not patentably distinct from each other" because Patent Owner filed a Terminal Disclaimer. Pet. 6; *see* Ex. 1013, 130–133. Patent Owner argues that the filing of a terminal disclaimer serves the statutory function of removing a double patenting rejection and is not an acquiescence as to the merits of a double patenting rejection. PO Resp. 33–34 (citing *Quad Envtl. Techs. Corp. v. Union Sanitary Dist.*, 946 F.2d 870, 874 (Fed. Cir. 1991)). We, however, do not reach this argument because it is not material to the challenges asserted against the claims in the '486 patent.

Cohen. *Id.* We have reviewed the Petition and supporting evidence and find that Petitioner has shown that Cohen anticipates the challenged claims. *See id.*

2. Cohen (Ex. 1004)

Cohen describes a system of disposable credit card numbers, where the credit card numbers are generated for a one-time, single transaction basis, after which they are disposed of, or thrown away. Ex. 1004, 2:35–37. In general, a user dials into her credit card company and provides the ordinary credit card number and verification data, and may further indicate the transaction for which the customized credit card number will be used. *Id.* at 3:41–53. The user then is provided with a disposable or customized credit card number for a single or limited range use. *Id.*

For example, an employee's credit card may be authorized to purchase a computer system, thereby transforming the credit card to a customized credit card that is valid for only that particular type of purchase. *Id.* at 8:24–35. The card also can be customized for use in a particular store or a particular chain of stores. *Id*.

3. Analysis

Petitioner contends that claims 1–15 and 22–30 of the '486 patent are unpatentable under 35 U.S.C. § 102(e) as anticipated by Cohen. Pet. 17–31. Patent Owner argues that Cohen fails to disclose "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant," as recited by claim 1. PO Resp. 18–26. Patent Owner specifically argues that (a) Cohen's merchant type limit fails to disclose "prior to any particular merchant being identified," (b) Cohen's type of store limit and type of charges fail to

disclose a "single merchant limitation," (c) Cohen's certain store limit cannot be made before identifying a specific merchant as the certain store, (d) Cohen's group of stores limit is not a limit to a single merchant and cannot be made before identifying specific stores as members of the group of stores, and (e) Cohen's particular chain of stores limit cannot be made before identifying a particular merchant.[6] *Id.* Patent Owner further argues that Cohen fails to disclose "designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated." *Id.* at 28–32. In other words, Patent Owner argues that Cohen fails to disclose (a) the single merchant limitation, (b) said single merchant

[6] Patent Owner further argues that the Ex Parte Reexamination of the '988 patent confirmed claims 21 and 23–30 because Cohen fails to disclose "single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." PO Resp. 32; *see* Ex. 2002, 4. However, unless Patent Owner made arguments creating a clear disavowal of claim scope that demonstrates how Cohen fails to meet a disputed limitation, we are not bound, under statute or otherwise, by such arguments. Given that this proceeding and the Reexamination proceeding were concurrent, Patent Owner failed in its duty to clarify its claim meaning during the Reexamination proceeding. *See supra*, note 4. We instituted review of the claims prior to the issuance of the Reexamination Certificate. Patent Owner also had an opportunity to amend claims in each proceeding. Moreover, this case involves a different evidentiary record that has been supplemented by arguments and evidence by Petitioner that was not before the Examiner in the Reexamination proceeding. These supplemental arguments and evidence include those impacting the claim construction and application of a "single merchant" to passages in Cohen not discussed in the Reexamination proceeding. *See Tempo Lighting, Inc. v. Tivoli, LLC*, 742 F.3d 973, 978 (Fed. Cir. 2014) (The "court . . . observes that the PTO is under no obligation to accept a claim construction proffered as a prosecution history disclaimer, which generally only binds the patent owner.").

limitation is included *prior* to any particular merchant being identified as the single merchant, and (c) designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated.

a. Single Merchant Limitation

Patent Owner argues that Cohen's disclosure of limiting a credit card's use to a type of store, a type of charge, or to a group of stores does not meet the "single merchant" limitation. PO Resp. 21–25. Patent Owner specifically argues that Cohen "cannot meet the disputed claim limitation, because the claim limitation requires a payment category that limits transactions to only a [sic] one merchant." *Id.* at 23 (citing Ex. 2007 ¶¶ 39, 40). Patent Owner also argues that Cohen's disclosure of a group of stores does not meet this limitation because the "phrase 'group of stores' itself means more than one store.'" *Id.* at 24–25. Patent Owner further argues that Cohen's particular chain of stores disclosure fails to meet the "single merchant" limitation. *Id.* at 25–26. We disagree with Patent Owner. As discussed above, we construe the "single merchant" limitation as limiting purchase to a single merchant. *See supra* Section I.E.3. We further agree with Patent Owner's broad construction of "merchant" to mean "someone who buys and sells goods." *Supra* Section I.E.3. Accordingly, under the broadest reasonable construction, the "single merchant" limitation includes limiting transactions to any chain of stores or group of stores that is identified as a single merchant.

Petitioner contends that Cohen discloses a card that can be customized such that it can be valid only for purchases in a particular store or a particular chain of stores, such as a particular restaurant or a particular chain

of restaurants. Pet. Reply 6 (citing Ex. 1004, 8:25–39); Pet. 27–28 (citing Ex. 1004, 8:25–39); Ex. 1004, 8:25–39. As discussed above, the "particular merchant" is "the merchant with whom the customer is transacting," and the "single merchant" includes the "particular merchant" in a broad manner without identifying the particular merchant. *See supra* Section I.E.3. The relationship between a chain of stores and a particular store satisfies the relationship between the "single merchant" and the "particular merchant." For example, the "single merchant" could be Target or McDonald's chain of stores, where a "particular merchant" could be a specific Target or McDonald's store, e.g., at a particular location or online. *See* PO Resp. 25–26; Tr. 33:19–37:2. Patent Owner argues that in such a scenario Target or McDonald's is both the "single merchant" and the "particular merchant" (Tr. 33:1–37:5), however, Patent Owner has not directed us to evidence or provided a rationale to rebut our construction that the chain of stores is the "single merchant limitation" and the specific store in the chain of restaurants is the "particular merchant." Accordingly, we find that Cohen discloses the recited "single merchant" limitation.

b. Single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant

Patent Owner argues that Cohen's particular chain of stores requires identifying a specific chain of stores prior to limiting to that particular store or particular chain of stores, and, therefore, does not meet the disputed claim limitation. PO Resp. 25–26. Patent Owner specifically argues that "[i]t is known that a chain of stores consists of series of stores selling the same goods and that are owned by one ownership," and, as such, the particular merchant necessarily must have been identified when the single merchant

was identified—contrary to the claim limitation. *See id.* at 25 (citing Ex. 2007 ¶¶ 34–35).

We disagree with Patent Owner. As discussed above, we construe the relationship between the recited "particular merchant" and "single merchant" such that the "single merchant" includes the particular merchant as a member of the single merchant chain, without identifying the particular merchant. *See supra* Section I.E.3. In other words, for example, a "single merchant" can be the chain of stores, whereas the "particular merchant" is a single store of that chain of stores. *Supra* Section I.E.3; *see supra* Section II.A.3.a. Patent Owner agrees that a chain of stores may have single ownership. *See* Tr. 36:21–37:2. Given such single ownership, Patent Owner has not set forth persuasive evidence or rationale to demonstrate that it precludes our construction of a "single merchant" as the chain of stores and a "particular merchant" as a specific store in that chain of stores. *See supra* Section I.E.3; Section II.A.3.a. As discussed above, our claim construction of a "single merchant" as the chain of stores and a "particular merchant" as a specific store in that chain of stores constitutes the broadest reasonable construction of the term. *See id*. Accordingly, we agree with Petitioner that Cohen's disclosure of a credit card that is valid only for purchases in a specific chain of stores, such as a specific chain of restaurants, meets this disputed limitation. Pet. Reply 6 (citing Ex. 1004, 8:25–39); Pet. 19.

c. Designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated

Patent Owner argues that independent claims 1, 24, 25, and 29 require that the step of "generating the transaction code" is performed after identifying an account and designating or selecting a payment category. PO

Resp. 28–29. Patent Owner argues that although Cohen discloses customizing a credit card, Cohen fails to disclose "defining/selecting customized use of the credit card number before the credit number is generated." *Id.* at 29–32.

Although the claims require designating/selecting a payment category before the generation of the transaction code, we disagree with Patent Owner that Cohen fails to disclose this limitation. Cohen discloses that "a user dials into her credit card company before making a transaction, and . . . is provided with a disposable or customized number." Ex. 1004, 3:42–49. Cohen also discloses that "a user can indicate in advance of purchase, on the telephone call with the credit card company, what the single use or the customized credit card number is to be used for." *Id.* at 3:50–53. Although Patent Owner argues that Cohen does not explicitly disclose the step of designating or selecting a payment category precedes the generation of a transaction code, we find, based on the record before us, that a person with ordinary skill in the art would have understood from this disclosure that a user dials in to her credit card company and performs both the task of requesting a disposable or customized number and indicates what the customized credit card number is to be used for. Pet. Reply 12–13; Tr. 57:11–21; *see* Ex. 1004, 3:42–53. We find that a reading of Cohen that precludes a user from performing both steps in a single call is unreasonable. *Id*.

Additionally, Cohen discloses that customized cards "can either be preset for certain uses, or the cards can be ready and waiting in the user's office or home for setting to the desired use when the user is ready." Pet. Reply 13 (emphasis omitted)(citing Ex. 1004, 3:63–67). With this

disclosure, Cohen is setting forth that the customized use for a card can be preset, or set subsequent to the issuance of the card. *Id.* We find that a person with ordinary skill in the art would have understood that Cohen presents two options, where the preset option limits the customized card prior to the generation of the transaction code. *Id.*

Even further, Cohen discloses that "relevant information (such as the expiration date etc.) can either be printed on the card or verbally transmitted to the user. Likewise, the limited use nature of the card (either in a general sense or the specific limitations), the disposability of the card, the range of dates or validity of the card, etc. may either be printed on the card or transmitted to the user, whether verbally or in writing." Ex. 1004, 3:19–25. Again, we find that a person with ordinary skill in the art would have understood that the designation of the limited use card and the subsequent printing of the limits on the card suggests that the designation of the limits is done prior to the step of generating the transaction code and printing of all of the information on the customized card. Tr. 17:17–22, 51:4–52:19; *see* Ex. 1004, 3:19–25.

4. Conclusion

We have reviewed the Petition and supporting evidence and find that Petitioner has shown that Cohen anticipates all of the limitations of the challenged claims. *See* Pet. 17–31.

B. Obviousness of Claims 16–21 over Cohen and Musmanno

Petitioner contends that claims 16–21 would have been obvious over the combination of Cohen and Musmanno. *Id.* at 31–36. Petitioner provides a detailed explanation, including citations to Cohen and Musmanno, as to how the combination of Cohen and Musmanno discloses each limitation of

claims 16–21. *Id.* Petitioner further provides an articulated reasoning with a rational underpinning to support its conclusion of obviousness. *Id.* For example, Petitioner contends that Cohen discloses claim 1, as discussed above, and further discloses that Cohen's transaction code can be used repeatedly for a range of dates or a series of dates, as recited by claim 16. *Id*. at 33 (citing Ex. 1004, 7:44–62). Petitioner further argues that Musmanno discloses that a predetermined amount from a master account is transferred to at least two subaccounts at a fixed time interval. *Id.* (citing Ex. 1006, 5:53–59). Petitioner also argues that applying the repeating transaction steps of Musmanno to the transaction code generation steps of Cohen would not change the respective functions of each step and such a combination would have yielded the predictable result of the ability to use Cohen's transaction code for repeating transactions for a fixed amount at fixed intervals. *Id.* at 32–33 (citing Ex. 1008 ¶ 64).

Patent Owner argues that claims 16–21 depend from independent claim 1, and, therefore, the combination of Cohen and Musmanno fails to disclose dependent claims 16–21 for the same reasons discussed above with regard to claim 1. PO Resp. 33. We are not persuaded by Patent Owner's arguments in support of claim 1 for the reasons discussed above, and, therefore, are not persuaded that claims 16–21 would not have been obvious for the same reasons. *See supra* Section II.A.3.

We have reviewed the Petition and supporting evidence and find that Petitioner has shown that the combination of Cohen and Musmanno meets all of the limitations of claims 16–21. *See* Pet. 31–36. We further agree with the rationale for this combination of references articulated by Petitioner. *See id*. (citing Ex. 1008 ¶ 64).

C. Petitioner's Motion to Exclude

Petitioner moves to exclude the declaration of Mr. Edward L. Gussin, under Federal Rules of Evidence 702, as not qualified as an expert on the subject matter of the '486 patent. Mot. 1. Petitioner argues that both Mr. Gussin and Petitioner's declarant, Dr. Jack D. Grimes, agree that a person with ordinary skill in the art has (1) a bachelor of science degree in electrical engineering or computer science, or the equivalent, and (2) at least three years of experience in "payment card payment technologies, including experience in existing, accepted remote payment card transaction practices" at the time of the invention. *Id.* at 3 (emphasis omitted) (citing Ex. 1008 ¶ 18; Ex. 2007 ¶¶ 22–23). Petitioner argues that "to be qualified as an expert, one must at least be a person of ordinary skill" and there is no evidence that Mr. Gussin has the qualifications he agrees are required for a person with ordinary skill in the art. *Id.* at 1 (citing *Sundance, Inc. v. Demonte Fabricating Ltd.*, 550 F.3d 1356, 1363 (Fed. Cir. 2008)). Specifically, Petitioner argues that Mr. Gussin does not have at least three years of experience in the payment industry, card payment technologies, or with remote payment card transaction practices. *Id.* at 4; Reply to Opp. to Mot. 2–4.

Patent Owner argues that Mr. Gussin has (1) a master of science degree in electrical engineering, (2) thirty-nine years of electrical engineering experience developing hardware and software systems related to the present invention, and (3) served as an expert on claim construction issues and is listed as an inventor on software patents. Opp. to Mot. 2–5. Patent Owner asserts that this experience provides Mr. Gussin with the

necessary skill and knowledge relevant to the technology of the '486 patent. *Id.* at 3–4.

We are not persuaded that we should exclude Mr. Gussin's testimony. Mr. Gussin's extensive experience and education certainly qualify him to provide expert testimony in general hardware and software technologies. *See* Ex. 2007, Appendix A. To the extent Mr. Gussin is more familiar with general hardware and software technologies and less familiar with "payment card payment technologies," we weigh Mr. Gussin's testimony accordingly. *See Yorkey v. Diab*, 601 F.3d 1279, 1284 (Fed. Cir. 2010) (holding the Board has discretion to give more weight to one item of evidence over another "unless no reasonable trier of fact could have done so"); *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1368 (Fed. Cir. 2004) ("[T]he Board is entitled to weigh the declarations and conclude that the lack of factual corroboration warrants discounting the opinions expressed in the declarations."). Accordingly, Petitioner's argument goes more to the weight we should accord Mr. Gussin's testimony, rather than its admissibility, and it is within our discretion to assign the appropriate weight to Mr. Gussin's testimony.

Petitioner further moves to exclude Mr. Gussin's declaration because it relies on claim constructions inconsistent with our Decision to Institute. Mot. 5–6; Reply to Opp. to Mot. 4–5. Patent Owner responds that "[n]othing requires Mr. Gussin's testimony to be consistent with or constrained by the Board's preliminary claim constructions." Opp. to Mot. 6. We agree with Patent Owner. Our preliminary Decision is not a final determination. *See* Dec. 18. Accordingly, Patent Owner is permitted to

provide evidence towards claim construction, regardless of our initial determinations.

For the reasons discussed above, we are not persuaded to exclude Mr. Gussin's testimony. Petitioner's Motion to Exclude is *denied*.

III. CONCLUSION

We are persuaded that Petitioner has demonstrated by a preponderance of the evidence that claims 1–30 of the '486 patent are unpatentable.

IV. ORDER

Accordingly, it is hereby:

ORDERED that, based on the grounds under review, claims 1–30 of U.S. Patent No. 7,840,486 have been shown by a preponderance of the evidence to be unpatentable; and

FURTHER ORDERED that this is a Final Written Decision of the Board under 35 U.S.C. § 318(a), and parties to the proceeding seeking judicial review of this decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

IPR2014-00544
Patent No. 7,840,486 B2

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US008036988B2

(12) **United States Patent**
D'Agostino

(10) **Patent No.: US 8,036,988 B2**
(45) **Date of Patent: *Oct. 11, 2011**

(54) **SYSTEM AND METHOD FOR PERFORMING SECURE CREDIT CARD TRANSACTIONS**

(76) Inventor: **John D'Agostino**, Sarasota, FL (US)

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

This patent is subject to a terminal disclaimer.

(21) Appl. No.: **12/902,399**

(22) Filed: **Oct. 12, 2010**

(65) **Prior Publication Data**

US 2011/0071945 A1 Mar. 24, 2011

Related U.S. Application Data

(63) Continuation of application No. 11/252,009, filed on Oct. 17, 2005, now Pat. No. 7,840,486, which is a continuation of application No. 10/037,007, filed on Nov. 9, 2001, now abandoned, which is a continuation-in-part of application No. 09/231,745, filed on Jan. 15, 1999, now Pat. No. 6,324,526.

(51) **Int. Cl.**
G06Q 40/00 (2006.01)

(52) **U.S. Cl.** **705/44**

(58) **Field of Classification Search** 705/44
See application file for complete search history.

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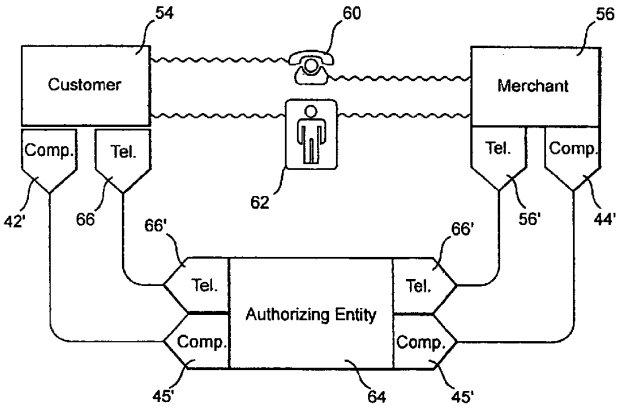
(74) *Attorney, Agent, or Firm* — Maxey Law Offices, PLLC; Stephen Lewellyn

(57) **ABSTRACT**

A method and system of performing secure credit card purchases in the context of a remote commercial transaction, such as over the telephone, wherein only the customer, once generally deciding upon a product or service to be purchased, communicates with a custodial authorizing entity, such as a credit card company or issuing bank wherein such entity has previous knowledge of the credit card number as well as custodial control of other account parameters such as interest rate, payment history, available credit limit etc. The customer supplies the custodial authorizing entity with the account identification data such as the credit card number and a requested one of a possible plurality of predetermined payment categories which define the dollar amount for the purchase and specific, predetermined time parameters within which authorization by the custodial authorizing entity will remain in effect. The custodial authorizing entity then generates a transaction code which is communicated exclusively to the customer wherein the customer in turn communicates only the transaction code to the merchant instead of a credit card number. The transaction code is indicative of merchant identification, credit card account identification and a designated one of the plurality of predetermined payment categories.

38 Claims, 2 Drawing Sheets



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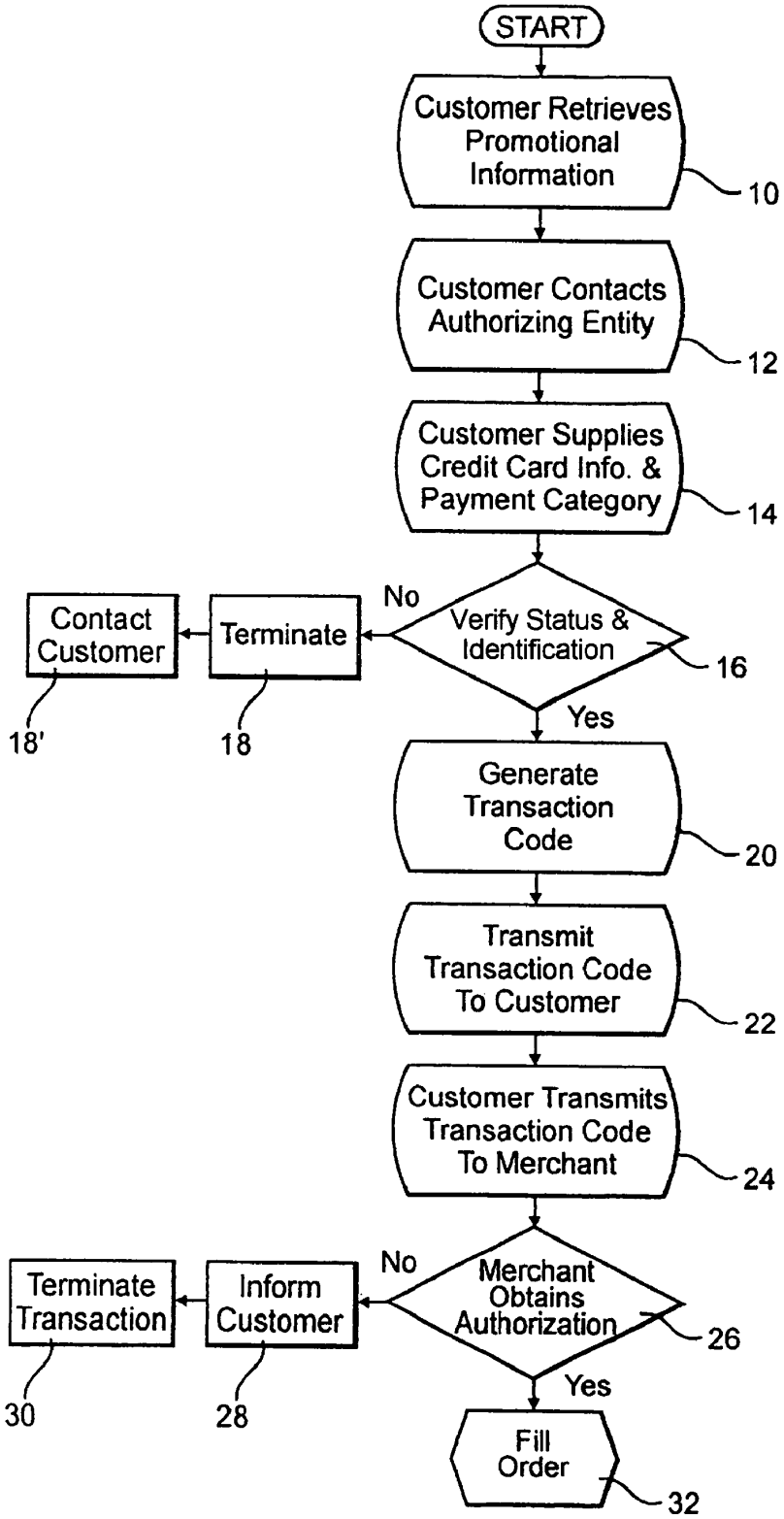
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10
Customer Contacts Authorizing Entity
12
Customer Supplies Credit Card Info. & Payment Category
14
Verify Status & Identification
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18
Contact Customer
18'
Yes
Generate Transaction Code
20
Transmit Transaction Code To Customer
22
Customer Transmits Transaction Code To Merchant
24
Merchant Obtains Authorization
26
No
Inform Customer
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Terminate Transaction
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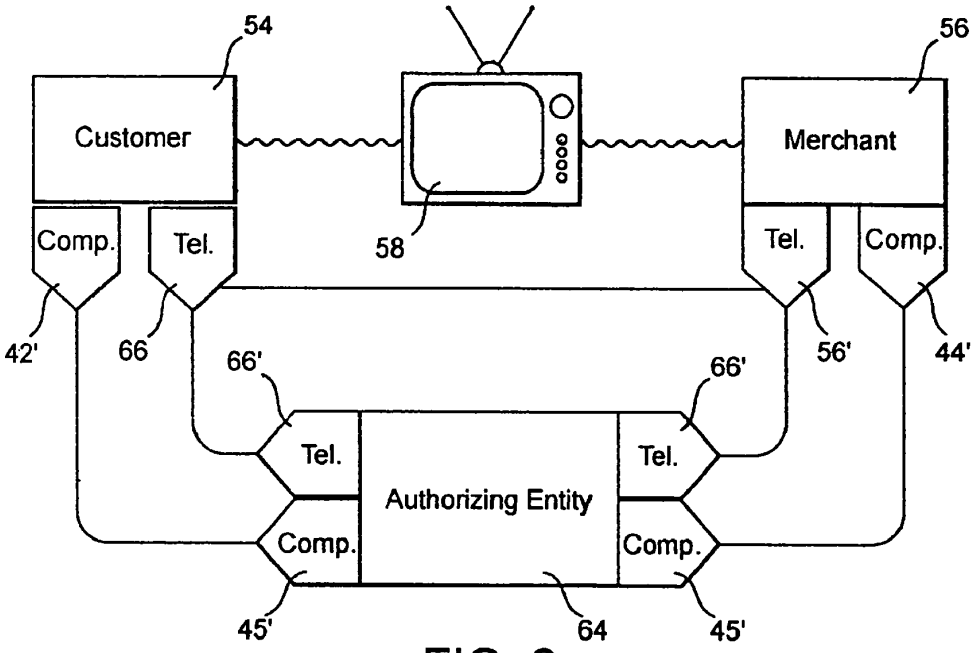
Yes
Fill Order
32

FIG. 1


54
56
Customer
Merchant
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Tel.
Tel.
Comp.
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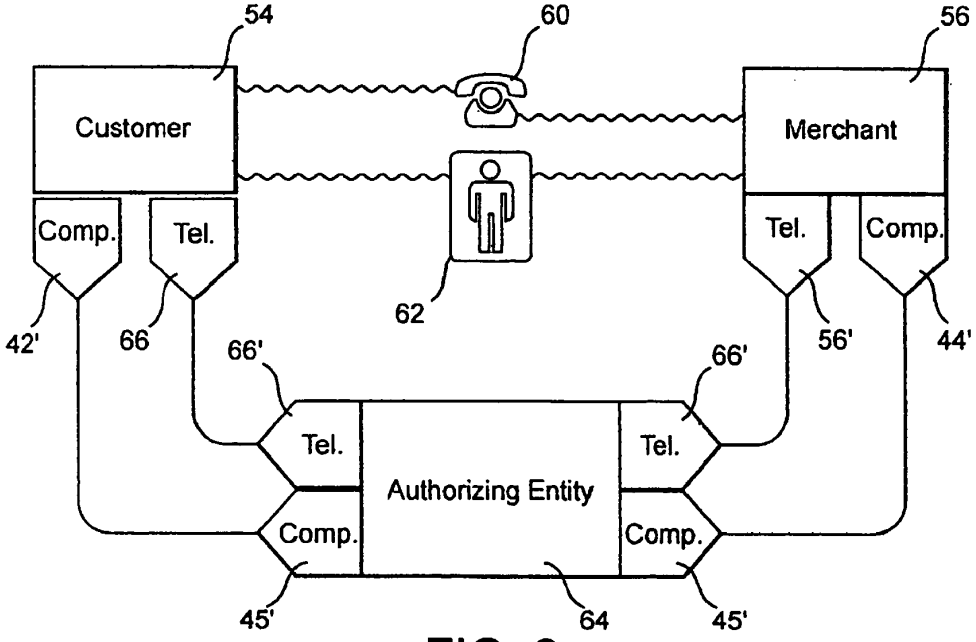
66
66'
66'
56'
44'
Tel.
Tel.
Authorizing Entity
Comp.
Comp.
45'
64
45'

FIG. 2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60
56
Customer
Merchant
Comp.
Tel.
Tel.
Comp.
62
42'
66
66'
66'
56'
44'
Tel.
Tel.
Authorizing Entity
Comp.
Comp.
45'
64
45'

FIG. 3

SYSTEM AND METHOD FOR PERFORMING SECURE CREDIT CARD TRANSACTIONS

CROSS-REFERENCE TO RELATED APPLICATIONS

This application is a continuation of pending U.S. patent application Ser. No. 11/252,009, filed on Oct. 17, 2005, which is a continuation of U.S. patent application Ser. No. 10/037,007, filed on Nov. 4, 2001, which is a continuation-in-part of U.S. patent application Ser. No. 09/231,745, filed on Jan. 15, 1999 and now U.S. Pat. No. 6,324,526, issued on Nov. 27, 2001, which the entirety of each are incorporated herein by reference.

BACKGROUND OF THE INVENTION

1. Field of the Invention

This invention relates to a system and method of performing secure credit card purchases in connection with remote commercial transactions, wherein a credit card holder does not have to reveal their credit card number to a merchant or a mechanism controlled by the merchant in order to accomplish a purchase, and wherein the merchant is still assured of the necessary credit verifications and approvals prior to authorizing and/or completing a credit card transaction, thereby increasing overall security by minimizing any access to credit card numbers without having to substantially modify or deviate from existing, accepted credit card transaction practices.

2. Description of the Related Art

The utilization of credit and debit cards to conduct transactions is ever increasing. This is especially the case with remote or "mail-order" transactions wherein merchants desire to be assured of a payment prior to shipping a product. For example, recent years have seen a substantial increase in the popularity of televised shopping networks to further supplement the popularity of catalogue type sales. Moreover, the increasing use and popularity of distributed computer networks such as the internet has also contributed to the dramatic increase in the number of remote commercial transactions conducted every day.

One primary reason associated with the rapid growth of remote commercial transactions is the ability of a merchant to reach an almost limitless number of potential customers at a substantially insignificant cost and with little or no operating overhead since an actual store is not required. Additionally, such sales techniques permit customers to view the products and services in a greatly expanded marketplace, representing a great number of vendors, without extensive travel and without foregoing the privacy and convenience of their home or other predetermined computer site in some cases. Simply put, a telephone or like communication avenue is all that is needed to place the consumer in contact with the merchant and complete the transaction.

The vast increase in popularity of remote commercial transactions conducted over the telephone or internet is further facilitated by the relatively simple protocols and procedures necessary to conduct such transactions. In particular, in order to complete a valid transaction, a merchant need not physically see the customer or the credit card, but must merely accept and enter a customer's credit card account number and an expiration date thereof to obtain authorization. This same convenience, however, is the primary disadvantage and/or problem associated with conducting commerce in the manners set forth above. Specifically, there is a great reluctance on the part of the customer to transmit the credit card account information, including the credit card number,

because of the proliferation of fraud, and a well recognized lack of security directed to the protection of such account information. Indeed, it has been established that security and privacy concerns are realistic due to the fact that credit card account data is easily readable or interceptable by unauthorized parties, and can be readily used for all types of remote transactions with minimal risk of being physically caught. In fact, unscrupulous individuals have many ways of gaining access to a consumer's legitimate remote transactions and thereby obtaining the credit card information. This information can be obtained from old credit card receipts or even from the unauthorized notation and use of the information by merchants or their employees after a legitimate transaction is made. Naturally, the latter is the most difficult to prevent utilizing known methods and systems unless a consumer is willing to completely forego the use of a credit card for purchases.

In the case of computerized remote transactions, as messages, including account data or other confidential information, move across the internet, they can easily pass through numerous computers, any one of which can be utilized to copy such confidential information or data, thereby leading to a further risk of potential fraud when conducting such transactions. Presently, some companies currently seek to address such security and privacy concerns by the employment of encryption programs and techniques. To this end there is an extensive facility associated with both public and private encryption schemes being deployed in order to guard the private or secured information being transmitted across the internet or like world wide networks. Unfortunately, however, even with such encryption techniques, the account information must usually still ultimately be transmitted to a third party who did not previously have access to that information previously. Even some more sophisticated systems which seek to interpose a separate computer or encryption entity between the consumer and the merchant so as to obtain authorization and forward it to the merchant, that information must still be made available to and/or transmitted to that third party, thereby leaving open an avenue for fraud or theft. Further, such encryption techniques, even if minimally effective for computerized remote transactions, are not truly useable for other conventional types of remote transactions, or even normal in person transactions.

Based on the above, there is an obvious need in the field of art associated with remote commercial transactions for a system and method of performing secure credit card purchases of goods and services which truly reduces the risk of potential fraud and theft by eliminating outside access to a consumer's private credit card information without requiring complex encryption equipment or significantly altering the ease and convenience of current transaction techniques. Further, such a system and method should also be effective for use in conventional, "in person" transactions as well, thereby providing an added measure of security and minimizing the hazards associated with the passing on of account information by unscrupulous merchants. Also, such a system should provide limits to potential loss or liability in a manner which does not impede the transaction.

SUMMARY OF THE INVENTION

The present invention is directed towards a system and method of performing secure credit card purchases, wherein payment for goods or services purchased is efficiently accomplished while eliminating the necessity of disclosure or dissemination of a consumers specific credit card number or other account data which the customer or other individual

may wish to maintain in confidence. The system and method of the present invention incorporates the advantage of consummating the purchase by the customer through the selection of any one of a plurality of predetermined payment categories. Collectively, the payment categories represent a variety of methods for accomplishing payment for a fixed transaction, a multiple transaction and/or a repeating transaction.

One embodiment of the system and method of the present invention comprises a customer receiving information, including specific data necessary for the purchase of any given product or service. This promotional information generated by the merchant can be received by any of a plurality of conventional means including advertisements, catalogues, computer network connections, direct person to person customer and merchant contact, telephone solicitation, mail orders, etc. Once the customer has identified the product or services which he/she wishes to purchase, the customer contacts and supplies a custodial authorizing entity with the requisite information concerning both the identification of a specific credit card or debit card account and a requested payment category. Additionally, security against unauthorized use of confidential account data may also preferably include information relating to the merchant's identification and/or location.

The custodial authorizing entity is preferably defined as the entity which has or has been assigned the custodial responsibility for the financial account data of a customer's credit card account, including a previous knowledge of the credit card number and other information such as credit limits, payment history, available credit amounts and other information which will determine the status of a given credit card account in terms of authorizing a requested payment for a current purchase.

As part of the security system for accomplishing a commercial transaction utilizing credit card or debit card payment, the custodial authorizing entity includes sufficient facilities, preferably including a processing computer or like applicable hardware for the generation of an exclusive transaction code. The transaction code is to be used in substitution for the credit card number and when utilized as authorized, will issue the merchant a credit approval, and will accomplish payment for the goods or services desired in the normal fashion normally associated with a credit or debit card transaction, without the publication or dissemination of an identifying credit card number for a specific customer's account to any entity that is not already aware of that information.

Further, a feature of the transaction code is its ability to indicate any one of preferably a plurality of predetermined payment categories which may be either requested by the customer or automatically chosen by the custodial authorizing entity based on the type of account or the type of purchase or other commercial transaction involved. Each of the payment categories are reflective of a different type of payment desired or required to consummate the intended purchase. More specifically, the plurality of payment categories may include a single transaction involving a specific dollar amount for a purchase within a specific time period, such as twenty four hours, during which authorization of the purchase remains valid. Alternately, a single transaction may be involved wherein a maximum limit or a dollar amount is determined above which the purchase will become invalidated and further wherein a fixed period of time is preferably established for maintaining authorization of such purchase. Other alternatives would involve one or more of the categories coded to define multiple transactions involving a maximum dollar amount for purchases, as well as a fixed period of time for authorization of such purchases, and/or a repeating transaction wherein payments may be automatically accessed by a merchant over a predetermined or unspecified time interval (such as every thirty days) for a specific dollar amount or a maximum dollar amount limit. Also, limits solely as to a specific merchant or a given time period can be effectively established for which the transaction code is valid.

A further feature of the present invention to be described in greater details hereinafter, is the requirement that the transaction code, once received by the customer is transmitted to the merchant by the customer or a person specifically authorized by the customer. Only minimal contact by the merchant and the custodial authorizing entity is provided for purposes of the merchant verifying the validity of the transaction code utilizing a conventional process electronically or otherwise similar to the verification of a credit card number normally offered to a merchant for the purchase of goods or services. There is, therefore, no disclosure, publication or other dissemination of the specific credit card number of a given customer account beyond those entities who already know the information, and the transaction code is transmitted exclusively to the customer by the custodial authorizing entity who has the ability to better identify whether the customer is properly authorized to use the account. Moreover, the transaction code, once given out by the customer, only has a limited usefulness, thereby limiting the risk of misuse and minimizing the potential losses to be experienced by the credit card company and/or the account holder.

Accordingly, it is an object of the present invention to provide a system and attendant method for performing remote commercial transactions utilizing credit cards, which maximizes the security of the transaction and limits the potential liability to be experienced from a fraudulent transaction.

Yet another object of the present invention is to provide a secure system and method for establishing credit card purchases which eliminate the disclosure or dissemination of the actual credit card number to anyone other than a custodial authorizing entity which normally has custodial responsibilities for account information including the previously established credit card number.

It is another object of the present invention to provide a system and method of establishing secure credit card purchases through the generation of a transaction code which renders it extremely difficult or impossible to access or infiltrate a customer's credit card account by unauthorized means.

It is yet another object of the present invention to provide a secure method of completing a remote commercial transaction which eliminates the need to convey actual account information to a merchant, but which allows the merchant to conduct a normal verification of information needed to consummate a given purchase.

It is also an object of the present invention to provide a system and attendant method of accomplishing secure credit card purchases which eliminates the need to disclose or disseminate a given credit card number while providing the customer with the versatility of choosing any one of a plurality of predetermined payment categories.

It is yet another feature of the present invention to provide a system and method of accomplishing secure credit card payments having the versatility of allowing the customer to select any one of a plurality of payment categories which are indicative of a variance in the amount of a purchase as well as the time in which authorization for such payment is valid.

These and other objects, features and advantages of the present invention will become more clear when the drawings as well as the detailed description are taken into consideration.

BRIEF DESCRIPTION OF THE DRAWINGS

For a fuller understanding of the nature of the present invention, reference should be had to the following detailed description taken in connection with the accompanying drawings in which:

FIG. **1** is a schematic representation of a flow chart showing various steps involved in the performance of the system and method of the present invention for the secure credit card purchasing;

FIG. **2** is a schematic representation similar to that of FIG. **1** wherein customer to merchant contact is accomplished by conventional facilities such as television; and

FIG. **3** is a schematic representation similar that of FIG. **2** wherein customer to merchant contact is established either by phone or in person.

Like reference numerals refer to like parts throughout the several views of the drawings.

DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENT

As shown in the accompanying Figures, the present invention is directed towards a system and method for accomplishing secure credit card purchases. Moreover, these purchases can be "in person", but preferably include remote commercial transactions such as mail order, purchases over the internet, television solicitations, telephone solicitations, etc. Security is establish by virtue of the elimination of the need to disclose an active credit card number and expiration date to the merchant or any other party other than the original credit card company, issuing bank or like financial institution which already has custodial responsibilities for the financial or account data associated with a given customer's credit card account.

More specifically and with reference to FIG. **1** the system as well as an attendant method is preferably instigated by the customer viewing a product, identifying a desired amount for a transaction and/or receiving promotional information as at **10**, either in person or by any of the electronic or more conventional techniques which will be described in greater detail with reference to FIGS. **2** through **3**. Once the customer reviews the product or promotional information and has sufficient information, such as including price, product or service identification, payment requirement, etc., regarding the remote commercial transaction to be conducted, the customer contacts, either by computer, telephone or in person, a custodial authorizing entity as at **12**. The custodial authorizing entity may herein be defined as comprising that entity or institution which has or has been designated by the entity which has custodial responsibility for the financial data and security of a given credit card account of a customer. As set forth above such custodial authorizing entity can be represented by the credit card company issuing a credit card to a given customer or alternately can be represented by a bank or other financial institution serving to sponsor a credit card or debit card to the extent of processing the debits and credit associated therewith. The authorizing entity's custodial responsibilities of course includes the previous knowledge and/or storage of the credit card number serving to identify a specific customer's credit card account. Once contacted, the customer then supplies appropriate identification data to inform the custodial authorizing entity of a specific customer's credit card account as at **14**. In addition, the customer will supply the custodial authorizing entity with additional required information needed to consummate the purchase as well as ensure the security of the account in order to prevent its unauthorized use. Such additional information may preferably include the identification of the merchant or merchants involved, when such information is deemed necessary, and a requested one of a plurality of predetermined payment categories to facilitate consummation of the purchase of the products or services desired. Such predetermined plurality of payment categories will be discussed in greater detail hereinafter.

Once the appropriate information has been received from the customer as indicated at **16**, the custodial authorizing entity verifies the credit card status and account identification of the customer to determine the viability of the account in terms of dollar amount limits, payment history, available credit balance, etc. If the accessed credit card account is not in good standing, the custodial authorizing entity will permanently or temporarily terminate the transaction as at **18** and/or communicate to the customer directly as at **18'** by any applicable means for purposes of informing the customer of the unacceptable status of the accessed credit card account. If the credit card account is in good standing, based at least in part on the requested payment category, (amount of payment), the custodial authorizing entity generates a transaction code as at **20**. The transaction code is used in substitution for the specific credit card number which would normally identify a customer's credit card account and would allow access thereto by any entity having possession of the credit card number whether or not such possession was authorized or unauthorized. More specifically, the transaction code is pre-coded to be indicative of a specific credit card account, preferably a merchant or merchants identification and a designated payment category, selected from the plurality of predetermined payment categories as set forth above. Once generated, the transaction code is communicated exclusively to the authorized and verified customer by the custodial authorizing entity as at **22**, wherein the system and method of the present invention preferably restricts communication between the custodial authorizing entity and the merchant except to conduct a normal verification as will be explained.

The verified customer thereafter and preferably within a time limit to be determined by the customer and pre-coded in association with the transaction code, will directly or through an authorized representative communicate the transaction code to the merchant as at **24**. The system and method of the preferred embodiment of the present invention contemplates that only the verified customer will transmit the generated transaction code to the merchant in the case of a remote commercial transaction, thereby limiting knowledge of the transaction code to those parties having a need to know. Of course, however, as the transaction code will generally have a limited value as defied by the verified customer when obtained, the verified customer may designate an agent or other entity to act as the customer on his/her behalf, with the amount of potential liability to be experienced by such a transaction to be limited to the amount defined by the verified customer when obtaining the transaction code.

At this point the purchase is consummated at least from the customer standpoint in that the customer has previously established the acceptable status of the account. Therefore the customer feels free to disclose the transaction code to the merchant or merchants instead of the actual credit card number as at **22**, **24** and is relatively unconcerned if the transaction code is published or otherwise disseminated to unauthorized

entities. In a preferred embodiment wherein a merchant identifier is pre-coded in association with the transaction code, the pre-coding of the transaction code will prohibit an unauthorized use due at least in part to the fact that the merchant is specifically identified and any attempt to use the transaction code other than by the identified merchant will be prohibited. In addition, the merchant is prevented from "overcharging" or "extending" the purchase by fixing the dollar amount to satisfy the specific cost or limit of the purchase as well as a specific time limit or time parameters in which the authorization for payment is valid. Such information, as set forth above, is communicated by the requested and subsequently designated payment category as set forth above. Restricted communication between the merchant and the custodial authorizing entity as at **26** is permitted exclusively for purposes of verification of the transaction code in a manner, which may utilize, at least to some extent, conventional facilities for the verification of a credit card number by most merchants or like commercial establishments. As a result, the merchant also has a desired verification as to the validity of a transaction and can effectively make arrangements to be paid by the credit card company.

If for some reason the transaction code is refused verification, the customer may be informed directly by the merchant as at **28** and or the transaction may be terminated as at **30**. Assuming verification of the transaction code by the custodial authorizing entity, the merchant proceeds to consummate the purchase and send the order, as at **32**, in the case of a remote commercial transaction.

FIGS. **2** and **3** are representative of the versatility of the system and method of the present invention wherein the customer **54** may receive the aforementioned promotional information from the merchant **56** by any appropriate means such as television solicitation as at **58**, phone solicitation as at **60** and/or personal solicitation as at **62**. Once the customer receives the promotional information, which may include the viewing of the product itself, or in advance if a general estimate as to the ultimate cost of an anticipate purchase(s) can be made prior to viewing promotional information, the customer contacts the custodial authorizing entity **64** by any appropriate electronic or conventional facilities such as direct phone to phone contact as at **66** and **66'** or direct computer contact as at **46'**, **45'**. Once the customer's authorization is confirmed, details of the anticipated transaction are established so as to determine a payment category, and the a transaction code is issued to the customer. The customer, either directly or through a representative, can then utilize the transaction code to consummate a transaction within the defined parameters of the payment category. Moreover, the merchant **56**, through a conventional, yet restricted communication with the custodial authorizing entity **64** by any of a plurality of conventional or electronic methods using computer to computer linking as at **44'**, **45'** or by telephone transmission as at **56'**, **66'**, can obtain a verification and subsequent payment utilizing the transaction code only.

As emphasized above, an important feature of the present invention is the ability of the customer to request a desired or a required payment category and the ability of the custodial authorizing entity **64** and/or a processing computer **45** of the custodial authorizing entity to issue a transaction code in accordance with the payment category. The payment categories, may be collectively defined as a variety of different types of transactions. Such transactions may include a single transaction for a specific amount of a purchase to be consummated. Alternatively, the payment category may include a single transaction defined by a single purchase having a maximum limit amount, wherein the specific or precise cost of the purchase has not been determined for a variety of reasons, and as such, the customer desires to set a maximum amount for which the single transaction may be made. Accordingly, with such a payment category, the exact amount may not be known in advance, but the customer is assured of not paying over the specifically designated maximum limit. In addition, the transactions are preferably, but not necessarily, authorized to be conducted only over a fixed life period of time, such as within twenty four hours, thereby ensuring that an outstanding transaction code does not remain valid if not used as generally intended. This limited time period can, of course be varied or omitted depending upon the wishes of the customer and/or the policies of the custodial authorizing entity. Also, these or any other payment category transactions may include a specific merchant identification to further restrict use of the transaction code.

The payment category may also include a multi-transaction authorization wherein more than one purchase may be made from one or a plurality of different merchants, each of which may or may not be identified by the customer and pre-coded in association with the transaction code, and wherein a total cost of the plurality of purchases may not exceed a maximum limit amount. This transaction can also be limited to having to take place within a predetermined, designated fixed life span, such as but not limited to twenty four hours. Accordingly, in some instances wherein a customer, or an agent of the customer, such as a child, guardian, or care giver, must make a number of transactions or purchases which are authorized by the customer, the customer may designate a maximum amount which can be spent utilizing a particular transaction code within a predetermined period of time, and/or can designate that only one merchant, whether designated or not, can use the transaction code.

As yet another alternative, the payment category may include a repeating transaction for a specific amount to be paid in each of a fixed number of intervals. For example, the customer may which to join a gym or receive services or products over a fixed number of payment intervals, such as every thirty days. Accordingly, the merchant will be authorized to charge the credit card account designated by the corresponding transaction code a fixed monthly payment. Similarly, a repeating transaction for a stated minimum interval such as every thirty days may be authorized for a specific amount for an unspecified number of intervals wherein the merchant will be authorized to continuously obtain payment on a "monthly" basis until the customer decides to cancel such authorization.

Since many modifications, variations and changes in detail can be made to the described preferred embodiment of the invention, it is intended that all matters in the foregoing description and shown in the accompanying drawings be interpreted as illustrative and not in a limiting sense. Thus, the scope of the invention should be determined by the appended claims and their legal equivalents.

What is claimed is:

1. A method of performing secure credit card purchases, said method comprising:

a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;

b) supplying said custodial authorizing entity with at least account identification data of said customer's account;

c) defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being

included in said payment category prior to any particular merchant being identified as one of said one or more merchants;

d) designating said payment category;

e) generating a transaction code by a processing computer of said custodial authorizing entity, said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category;

f) communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters;

g) verifying that said defined purchase parameters are within said designated payment category; and

h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.

2. The method of claim **1** further comprising the step of designating at least one of said one or more merchants subsequent to generating said transaction code.

3. The method of claim **1** wherein said step of communicating the transaction code to a merchant to consummate said purchase within defined purchase parameters further comprises designation of said merchant as one of said one or more merchants.

4. The method of claim **1** wherein said step of generating said transaction code further comprises said customer obtaining said transaction code.

5. The method of claim **1** further comprising generating a transaction code which reflects at least one of a plurality of said payment categories.

6. The method of claim **1** further comprising defining at least one payment category to include amount parameters for a cost of one or more purchases.

7. The method of claim **1** further comprising defining at least one payment category to include time parameters during which the purchase can be completed.

8. The method of claim **1** further comprising defining at least one payment category to include limiting said transaction code to a single transaction for a purchase within a predetermined period of time.

9. The method of claim **1** further comprising defining at least one payment category to include limiting purchases to a single transaction at a maximum amount for purchase within a predetermined period of time.

10. The method of claim **1** further comprising defining at least one payment category to include limiting purchases to at least two purchases at a maximum total amount for items purchased within a predetermined time period.

11. The method of claim **1** further comprising defining at least one payment category to include using said transaction code for at least two purchases for a repeating transaction at a fixed amount payable at each of a fixed number of time intervals.

12. The method of claim **11** further comprising defining at least one payment category to include limiting purchases to said repeating transaction at said fixed amount payable at each of said fixed number of time intervals.

13. The method of claim **1** further comprising defining at least one payment category to include using said transaction code for a repeating transaction at a fixed amount payable at each of an unspecified number of time intervals.

14. The method of claim **1** further comprising defining at least one payment category to include limiting a repeating transaction to a maximum dollar amount.

15. The method of claim **1** further comprising defining at least one payment category to include limiting purchases to a limited time interval during which a purchase is permitted.

16. The method of claim **1** further comprising communicating said transaction code to the customer at the location of the merchant for use in person.

17. A method of performing secure credit card purchases, said method comprising:

a) identifying a pre-established account that is used to make credit card purchases;

b) selecting a predetermined payment category which limits a nature, of a series of subsequent purchases to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;

c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account, said transaction code associated with at least said pre-established account and the limits of said selected payment category and different from said pre-established account;

d) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters;

e) verifying that said defined purchase parameters correspond to said selected payment category;

f) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and

g) associating the purchase with said pre-established account.

18. The method of claim **17** wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as one of said one or more merchants.

19. A method of performing secure credit card purchases, said method comprising the steps of:

a) identifying a pre-established account that is used to make credit card purchases;

b) selecting a pre-determined payment category which limits a nature of a subsequent purchase to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;

c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account, said transaction code associated with at least said pre-established account and the limits of said selected payment category, and different from said pre-established account;

d) designating a merchant as one of said one or more merchants;

e) communicating said transaction code to said merchant to consummate a purchase within defined purchase parameters;

f) verifying that said defined purchase parameters correspond to said selected payment category;

g) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and

h) associating the purchase with said pre-established account.

20. The method of claim 19 wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as one of said one or more merchants.

21. A method for implementing a system for performing secure credit card purchases, the method comprising:

a) receiving account information from an account holder identifying an account that is used to make credit card purchases;

b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;

c) generating a transaction code utilizing a processing computer of a custodial authorizing entity, said transaction code associated with said account and reflecting at least the limits of said payment category, to make a purchase within said payment category;

d) communicating said transaction code to said account holder;

e) receiving a request to authorize payment for a purchase using said transaction code;

f) authorizing payment for said purchase if said purchase is within said payment category.

22. A method for implementing a system for performing secure credit card purchases, the method comprising:

a) receiving account information from an account holder identifying an account that is used to make credit card purchases;

b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;

c) generating a transaction code utilizing a processing computer of a custodial authorizing entity, said transaction code associated with said account and reflecting at least the limits of said payment category, to make a purchase within said payment category;

d) communicating said transaction code to said account holder;

e) receiving a request to authorize payment for a purchase using said transaction code;

f) authorizing payment for said purchase if said purchase is within said payment category.

23. The method of claim 21 wherein the step of receiving account information from an account holder identifying an account that is used to make credit card purchases further comprises receiving information identifying a credit card account.

24. The method of claim 21 wherein the step of generating a transaction code utilizing a processing computer of a custodial authorizing entity further comprises generating a transaction code which reflects at least one of a plurality of predetermined payment categories.

25. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that is automatically chosen by a custodial authorizing entity.

26. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting a repeating transaction to a maximum dollar amount.

27. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting purchases to a minimum time interval after which a subsequent purchase is permitted.

28. The method of claim 21 wherein the step of communicating said transaction code to said account holder further comprises communicating said transaction code to said account holder at the location of the merchant for use in person.

29. The method of claim 21 wherein said step of receiving a request to authorize payment for a purchase using said transaction code further identifies said single merchant.

30. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a predetermined payment category that is further limited in accordance with transaction details provided by said account holder.

31. The method of claim 22 wherein the step of receiving account information from an account holder identifying an account that is used to make credit card purchases further comprises receiving information identifying a credit card account.

32. The method of claim 22 wherein the step of generating a transaction code utilizing a processing computer of a custodial authorizing entity further comprises generating a transaction code which reflects at least one of a plurality of predetermined payment categories.

33. The method of claim 22 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that is automatically chosen by a custodial authorizing entity.

34. The method of claim 22 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting a repeating transaction to a maximum dollar amount.

35. The method of claim 22 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting purchases to a minimum time interval after which a subsequent purchase is permitted.

36. The method of claim 22 wherein the step of communicating said transaction code to said account holder further

comprises communicating said transaction code to said account holder at the location of the merchant for use in person.

37. The method of claim **22** wherein said step of receiving a request to authorize payment for a purchase using said transaction code further identifies a merchant as one of said one or more merchants.

38. The method of claim **22** wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a predetermined payment category that is further limited in accordance with transaction details provided by said account holder.

* * * * *

UNITED STATES PATENT AND TRADEMARK OFFICE

CERTIFICATE OF CORRECTION

PATENT NO. : 8,036,988 B2
APPLICATION NO. : 12/902399
DATED : October 11, 2011
INVENTOR(S) : John D'Agostino

It is certified that error appears in the above-identified patent and that said Letters Patent is hereby corrected as shown below:

Column 9, line 11, claim 1.f)

replace "purchase with defined"
with -- purchase within defined --

Signed and Sealed this
Twelfth Day of February, 2013

Teresa Stanek Rea
Acting Director of the United States Patent and Trademark Office

US007840486B2

(12) **United States Patent**
D'Agostino

(10) **Patent No.: US 7,840,486 B2**
(45) **Date of Patent: Nov. 23, 2010**

(54) **SYSTEM AND METHOD FOR PERFORMING SECURE CREDIT CARD PURCHASES**

(76) Inventor: **John D'Agostino**, 6237 Weymouth Dr., Sarasota, FL (US) 34238

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

(21) Appl. No.: **11/252,009**

(22) Filed: **Oct. 17, 2005**

(65) **Prior Publication Data**

US 2006/0031161 A1 Feb. 9, 2006

Related U.S. Application Data

(63) Continuation of application No. 10/037,007, filed on Nov. 9, 2001, now abandoned, which is a continuation-in-part of application No. 09/231,745, filed on Jan. 15, 1999, now Pat. No. 6,324,526.

(51) **Int. Cl.**
G06Q 40/00 (2006.01)

(52) **U.S. Cl.** **705/44**; 705/41

(58) **Field of Classification Search** 705/39, 705/40, 44
See application file for complete search history.

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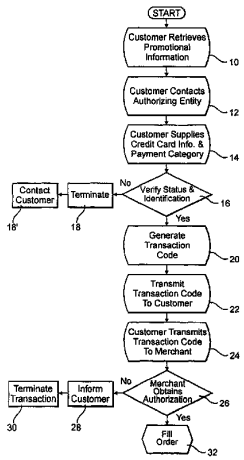
(57) **ABSTRACT**

A method and system of performing secure credit card purchases in the context of a remote commercial transaction, such as over the telephone, wherein only the customer, once generally deciding upon a product or service to be purchased, communicates with a custodial authorizing entity, such as a credit card company or issuing bank wherein such entity has previous knowledge of the credit card number as well as custodial control of other account parameters such as interest rate, payment history, available credit limit etc. The customer supplies the custodial authorizing entity with the account identification data such as the credit card number and a requested one of a possible plurality of predetermined payment categories which define the dollar amount for the purchase and specific, predetermined time parameters within which authorization by the custodial authorizing entity will remain in effect. The custodial authorizing entity then generates a transaction code which is communicated exclusively to the customer wherein the customer in turn communicates only the transaction code to the merchant instead of a credit card number. The transaction code is indicative of merchant identification, credit card account identification and a designated one of the plurality of predetermined payment categories.

30 Claims, 2 Drawing Sheets



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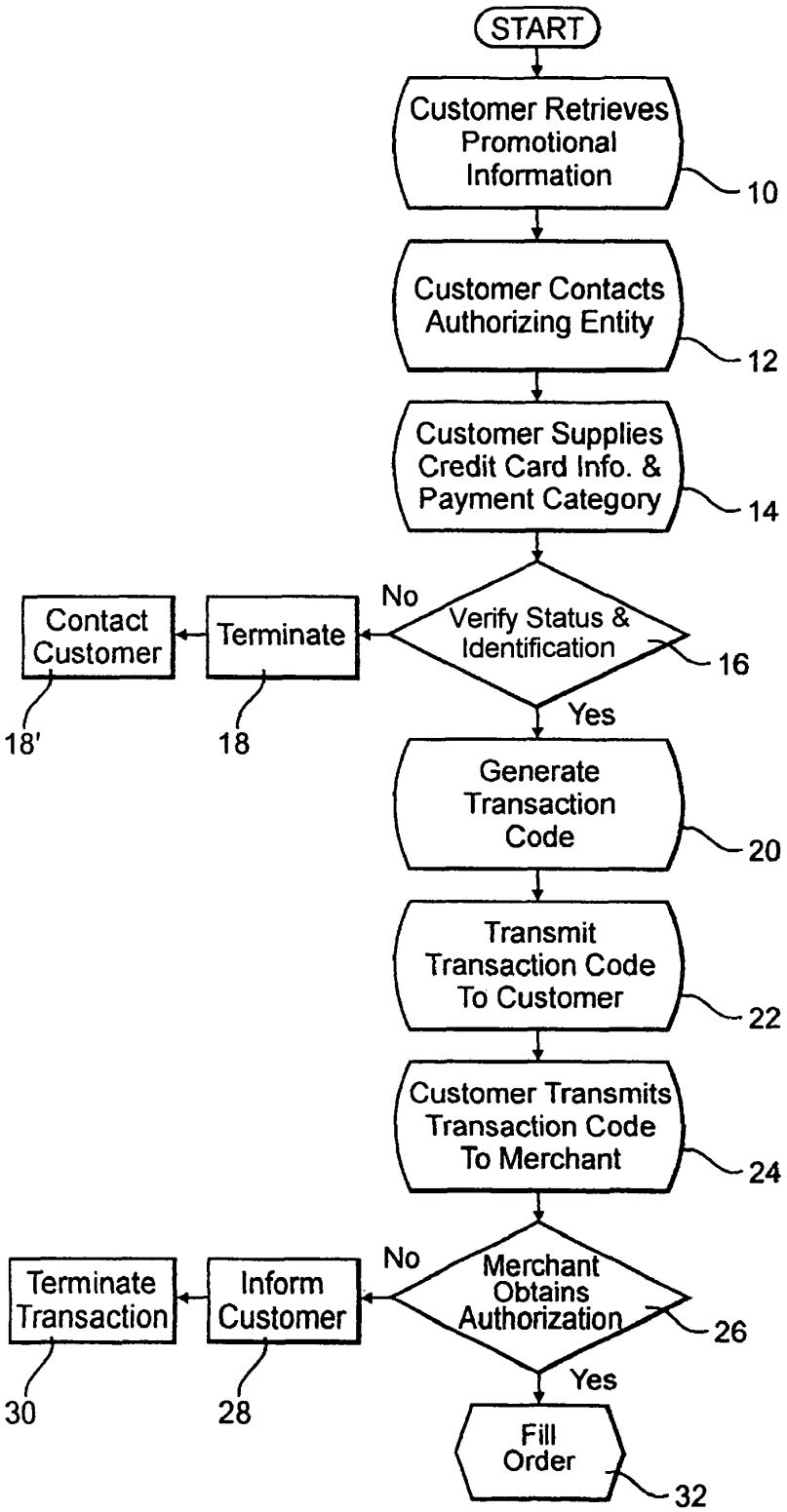
START
Customer Retrieves Promotional Information
10
Customer Contacts Authorizing Entity
12
Customer Supplies Credit Card Info. & Payment Category
14
Verify Status & Identification
16
No
Terminate
18
Contact Customer
18'
Yes
Generate Transaction Code
20
Transmit Transaction Code To Customer
22
Customer Transmits Transaction Code To Merchant
24
Merchant Obtains Authorization
26
No
Inform Customer
28
Terminate Transaction
30
Yes
Fill Order
32

FIG. 1

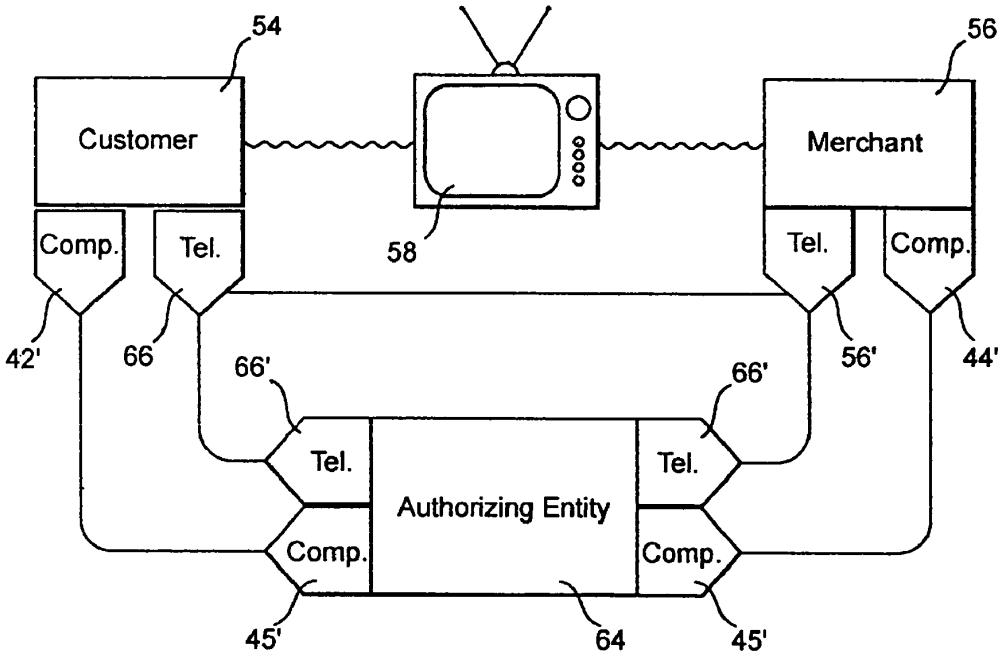
54
56
Customer
Merchant
58
Comp.
Tel.
Tel.
Comp.
42'
66
66'
66'
56'
44'
Tel.
Tel.
Authorizing Entity
Comp.
Comp.
45'
64
45'

FIG. 2

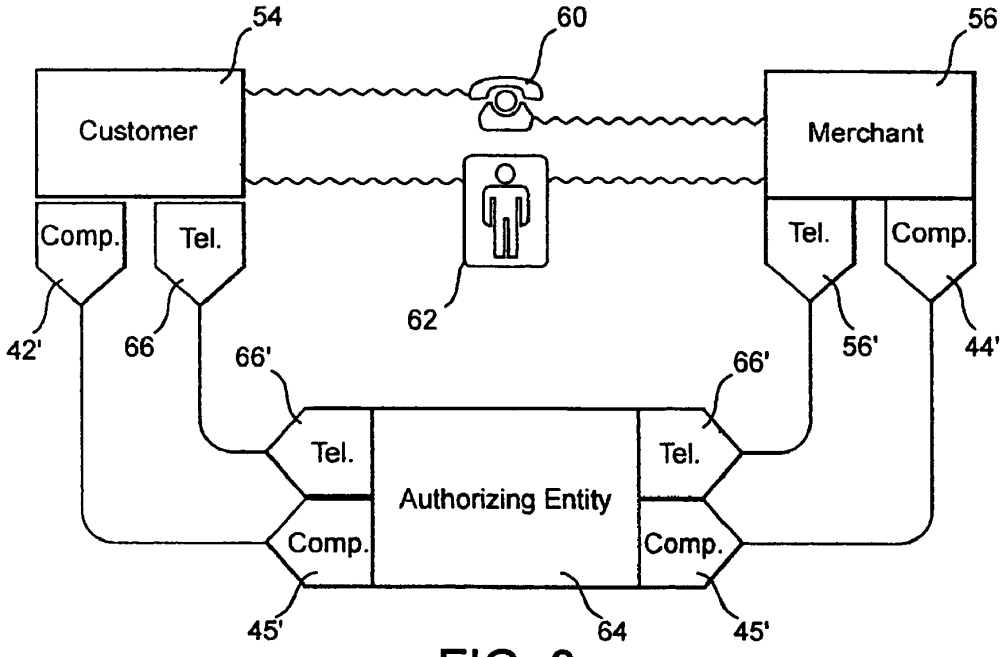
54
60
56
Customer
Merchant
Comp.
Tel.
Tel.
Comp.
62
42'
66
66'
66'
56'
44'
Tel.
Tel.
Authorizing Entity
Comp.
Comp.
45'
64
45'

FIG. 3

SYSTEM AND METHOD FOR PERFORMING SECURE CREDIT CARD PURCHASES

The present application is a Continuation of U.S. patent application Ser. No. 10/037,007, filed Nov. 4, 2001 now abandoned, which is a continuation-in-part of U.S. patent application Ser. No. 09/231,745, filed on Jan. 15, 1999, now U.S. Pat. No. 6,324,526, issued on Nov. 27, 2001.

BACKGROUND OF THE INVENTION

1. Field of the Invention

This invention relates to a system and method of performing secure credit card purchases in connection with remote commercial transactions, wherein a credit card holder does not have to reveal their credit card number to a merchant or a mechanism controlled by the merchant in order to accomplish a purchase, and wherein the merchant is still assured of the necessary credit verifications and approvals prior to authorizing and/or completing a credit card transaction, thereby increasing overall security by minimizing any access to credit card numbers without having to substantially modify or deviate from existing, accepted credit card transaction practices.

2. Description of the Related Art

The utilization of credit and debit cards to conduct transactions is ever increasing. This is especially the case with remote or "mail-order" transactions wherein merchants desire to be assured of a payment prior to shipping a product. For example, recent years have seen a substantial increase in the popularity of televised shopping networks to further supplement the popularity of catalogue type sales. Moreover, the increasing use and popularity of distributed computer networks such as the internet has also contributed to the dramatic increase in the number of remote commercial transactions conducted every day.

One primary reason associated with the rapid growth of remote commercial transactions is the ability of a merchant to reach an almost limitless number of potential customers at a substantially insignificant cost and with little or no operating overhead since an actual store is not required. Additionally, such sales techniques permit customers to view the products and services in a greatly expanded marketplace, representing a great number of vendors, without extensive travel and without foregoing the privacy and convenience of their home or other predetermined computer site in some cases. Simply put, a telephone or like communication avenue is all that is needed to place the consumer in contact with the merchant and complete the transaction.

The vast increase in popularity of remote commercial transactions conducted over the telephone or internet is further facilitated by the relatively simple protocols and procedures necessary to conduct such transactions. In particular, in order to complete a valid transaction, a merchant need not physically see the customer or the credit card, but must merely accept and enter a customer's credit card account number and an expiration date thereof to obtain authorization. This same convenience, however, is the primary disadvantage and/or problem associated with conducting commerce in the manners set forth above. Specifically, there is a great reluctance on the part of the customer to transmit the credit card account information, including the credit card number, because of the proliferation of fraud, and a well recognized lack of security directed to the protection of such account information. Indeed, it has been established that security and privacy concerns are realistic due to the fact that credit card account data is easily readable or interceptable by unauthorized parties, and can be readily used for all types of remote

transactions with minimal risk of being physically caught. In fact, unscrupulous individuals have many ways of gaining access to a consumer's legitimate remote transactions and thereby obtaining the credit card information. This information can be obtained from old credit card receipts or even from the unauthorized notation and use of the information by merchants or their employees after a legitimate transaction is made. Naturally, the latter is the most difficult to prevent utilizing known methods and systems unless a consumer is willing to completely forego the use of a credit card for purchases.

In the case of computerized remote transactions, as messages, including account data or other confidential information, move across the internet, they can easily pass through numerous computers, any one of which can be utilized to copy such confidential information or data, thereby leading to a further risk of potential fraud when conducting such transactions. Presently, some companies currently seek to address such security and privacy concerns by the employment of encryption programs and techniques. To this end there is an extensive facility associated with both public and private encryption schemes being deployed in order to guard the private or secured information being transmitted across the internet or like world wide networks. Unfortunately, however, even with such encryption techniques, the account information must usually still ultimately be transmitted to a third party who did not previously have access to that information previously. Even some more sophisticated systems which seek to interpose a separate computer or encryption entity between the consumer and the merchant so as to obtain authorization and forward it to the merchant, that information must still be made available to and/or transmitted to that third party, thereby leaving open an avenue for fraud or theft. Further, such encryption techniques, even if minimally effective for computerized remote transactions, are not truly useable for other conventional types of remote transactions, or even normal in person transactions.

Based on the above, there is an obvious need in the field of art associated with remote commercial transactions for a system and method of performing secure credit card purchases of goods and services which truly reduces the risk of potential fraud and theft by eliminating outside access to a consumer's private credit card information without requiring complex encryption equipment or significantly altering the ease and convenience of current transaction techniques. Further, such a system and method should also be effective for use in conventional, "in person" transactions as well, thereby providing an added measure of security and minimizing the hazards associated with the passing on of account information by unscrupulous merchants. Also, such a system should provide limits to potential loss or liability in a manner which does not impede the transaction.

SUMMARY OF THE INVENTION

The present invention is directed towards a system and method of performing secure credit card purchases, wherein payment for goods or services purchased is efficiently accomplished while eliminating the necessity of disclosure or dissemination of a consumers specific credit card number or other account data which the customer or other individual may wish to maintain in confidence. The system and method of the present invention incorporates the advantage of consummating the purchase by the customer through the selection of any one of a plurality of predetermined payment categories. Collectively, the payment categories represent a

variety of methods for accomplishing payment for a fixed transaction, a multiple transaction and/or a repeating transaction.

One embodiment of the system and method of the present invention comprises a customer receiving information, including specific data necessary for the purchase of any given product or service. This promotional information generated by the merchant can be received by any of a plurality of conventional means including advertisements, catalogues, computer network connections, direct person to person customer and merchant contact, telephone solicitation, mail orders, etc. Once the customer has identified the product or services which he/she wishes to purchase, the customer contacts and supplies a custodial authorizing entity with the requisite information concerning both the identification of a specific credit card or debit card account and a requested payment category. Additionally, security against unauthorized use of confidential account data may also preferably include information relating to the merchant's identification and/or location.

The custodial authorizing entity is preferably defined as the entity which has or has been assigned the custodial responsibility for the financial account data of a customer's credit card account, including a previous knowledge of the credit card number and other information such as credit limits, payment history, available credit amounts and other information which will determine the status of a given credit card account in terms of authorizing a requested payment for a current purchase.

As part of the security system for accomplishing a commercial transaction utilizing credit card or debit card payment, the custodial authorizing entity includes sufficient facilities, preferably including a processing computer or like applicable hardware for the generation of an exclusive transaction code. The transaction code is to be used in substitution for the credit card number and when utilized as authorized, will issue the merchant a credit approval, and will accomplish payment for the goods or services desired in the normal fashion normally associated with a credit or debit card transaction, without the publication or dissemination of an identifying credit card number for a specific customer's account to any entity that is not already aware of that information.

Further, a feature of the transaction code is its ability to indicate any one of preferably a plurality of predetermined payment categories which may be either requested by the customer or automatically chosen by the custodial authorizing entity based on the type of account or the type of purchase or other commercial transaction involved. Each of the payment categories are reflective of a different type of payment desired or required to consummate the intended purchase. More specifically, the plurality of payment categories may include a single transaction involving a specific dollar amount for a purchase within a specific time period, such as twenty four hours, during which authorization of the purchase remains valid. Alternately, a single transaction may be involved wherein a maximum limit or a dollar amount is determined above which the purchase will become invalidated and further wherein a fixed period of time is preferably established for maintaining authorization of such purchase. Other alternatives would involve one or more of the categories coded to define multiple transactions involving a maximum dollar amount for purchases, as well as a fixed period of time for authorization of such purchases, and/or a repeating transaction wherein payments may be automatically accessed by a merchant over a predetermined or unspecified time interval (such as every thirty days) for a specific dollar amount or a maximum dollar amount limit. Also, limits solely as to a specific merchant or a given time period can be effectively established for which the transaction code is valid.

A further feature of the present invention to be described in greater detail hereinafter, is the requirement that the transaction code, once received by the customer is transmitted to the merchant by the customer or a person specifically authorized by the customer. Only minimal contact by the merchant and the custodial authorizing entity is provided for purposes of the merchant verifying the validity of the transaction code utilizing a conventional process electronically or otherwise similar to the verification of a credit card number normally offered to a merchant for the purchase of goods or services. There is, therefore, no disclosure, publication or other dissemination of the specific credit card number of a given customer account beyond those entities who already know the information, and the transaction code is transmitted exclusively to the customer by the custodial authorizing entity who has the ability to better identify whether the customer is properly authorized to use the account. Moreover, the transaction code, once given out by the customer, only has a limited usefulness, thereby limiting the risk of misuse and minimizing the potential losses to be experienced by the credit card company and/or the account holder.

Accordingly, it is an object of the present invention to provide a system and attendant method for performing remote commercial transactions utilizing credit cards, which maximizes the security of the transaction and limits the potential liability to be experienced from a fraudulent transaction.

Yet another object of the present invention is to provide a secure system and method for establishing credit card purchases which eliminate the disclosure or dissemination of the actual credit card number to anyone other than a custodial authorizing entity which normally has custodial responsibilities for account information including the previously established credit card number.

It is another object of the present invention to provide a system and method of establishing secure credit card purchases through the generation of a transaction code which renders it extremely difficult or impossible to access or infiltrate a customer's credit card account by unauthorized means.

It is yet another object of the present invention to provide a secure method of completing a remote commercial transaction which eliminates the need to convey actual account information to a merchant, but which allows the merchant to conduct a normal verification of information needed to consummate a given purchase.

It is also an object of the present invention to provide a system and attendant method of accomplishing secure credit card purchases which eliminate the need to disclose or disseminate a given credit card number while providing the customer with the versatility of choosing any one of a plurality of predetermined payment categories.

It is yet another feature of the present invention to provide a system and method of accomplishing secure credit card payments having the versatility of allowing the customer to select any one of a plurality of payment categories which are indicative of a variance in the amount of a purchase as well as the time in which authorization for such payment is valid.

These and other objects, features and advantages of the present invention will become more clear when the drawings as well as the detailed description are taken into consideration.

BRIEF DESCRIPTION OF THE DRAWINGS

For a fuller understanding of the nature of the present invention, reference should be had to the following detailed description taken in connection with the accompanying drawings in which:

FIG. **1** is a schematic representation of a flow chart showing various steps involved in the performance of the system and method of the present invention for the secure credit card purchasing;

FIG. **2** is a schematic representation similar to that of FIG. **1** wherein customer to merchant contact is accomplished by conventional facilities such as television; and

FIG. **3** is a schematic representation similar that of FIG. **2** wherein customer to merchant contact is established either by phone or in person.

Like reference numerals refer to like parts throughout the several views of the drawings.

DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENT

As shown in the accompanying Figures, the present invention is directed towards a system and method for accomplishing secure credit card purchases. Moreover, these purchases can be "in person", but preferably include remote commercial transactions such as mail order, purchases over the internet, television solicitations, telephone solicitations, etc. Security is established by virtue of the elimination of the need to disclose an active credit card number and expiration date to the merchant or any other party other than the original credit card company, issuing bank or like financial institution which already has custodial responsibilities for the financial or account data associated with a given customer's credit card account.

More specifically and with reference to FIG. **1** the system as well as an attendant method is preferably instigated by the customer viewing a product, identifying a desired amount for a transaction and/or receiving promotional information as at **10**, either in person or by any of the electronic or more conventional techniques which will be described in greater detail with reference to FIGS. **2** through **3**. Once the customer reviews the product or promotional information and has sufficient information, such as including price, product or service identification, payment requirement, etc., regarding the remote commercial transaction to be conducted, the customer contacts, either by computer, telephone or in person, a custodial authorizing entity as at **12**. The custodial authorizing entity may herein be defined as comprising that entity or institution which has or has been designated by the entity which has custodial responsibility for the financial data and security of a given credit card account of a customer. As set forth above such custodial authorizing entity can be represented by the credit card company issuing a credit card to a given customer or alternately can be represented by a bank or other financial institution serving to sponsor a credit card or debit card to the extent of processing the debits and credit associated therewith. The authorizing entity's custodial responsibilities of course includes the previous knowledge and/or storage of the credit card number serving to identify a specific customer's credit card account. Once contacted, the customer then supplies appropriate identification data to inform the custodial authorizing entity of a specific customer's credit card account as at **14**. In addition, the customer will supply the custodial authorizing entity with additional required information needed to consummate the purchase as well as ensure the security of the account in order to prevent its unauthorized use. Such additional information may preferably include the identification of the merchant or merchants involved, when such information is deemed necessary, and a requested one of a plurality of predetermined payment categories to facilitate consummation of the purchase of the products or services desired. Such predetermined plurality of payment categories will be discussed in greater detail hereinafter.

Once the appropriate information has been received from the customer as indicated at **16**, the custodial authorizing entity verifies the credit card status and account identification of the customer to determine the viability of the account in terms of dollar amount limits, payment history, available credit balance, etc. If the accessed credit card account is not in good standing, the custodial authorizing entity will permanently or temporarily terminate the transaction as at **18** and/or communicate to the customer directly as at **18'** by any applicable means for purposes of informing the customer of the unacceptable status of the accessed credit card account. If the credit card account is in good standing, based at least in part on the requested payment category, (amount of payment), the custodial authorizing entity generates a transaction code as at **20**. The transaction code is used in substitution for the specific credit card number which would normally identify a customer's credit card account and would allow access thereto by any entity having possession of the credit card number whether or not such possession was authorized or unauthorized. More specifically, the transaction code is pre-coded to be indicative of a specific credit card account, preferably a merchant or merchants identification and a designated payment category, selected from the plurality of predetermined payment categories as set forth above. Once generated, the transaction code is communicated exclusively to the authorized and verified customer by the custodial authorizing entity as at **22**, wherein the system and method of the present invention preferably restricts communication between the custodial authorizing entity and the merchant except to conduct a normal verification as will be explained.

The verified customer thereafter and preferably within a time limit to be determined by the customer and pre-coded in association with the transaction code, will directly or through an authorized representative communicate the transaction code to the merchant as at **24**. The system and method of the preferred embodiment of the present invention contemplates that only the verified customer will transmit the generated transaction code to the merchant in the case of a remote commercial transaction, thereby limiting knowledge of the transaction code to those parties having a need to know. Of course, however, as the transaction code will generally have a limited value as defied by the verified customer when obtained, the verified customer may designate an agent or other entity to act as the customer on his/her behalf, with the amount of potential liability to be experienced by such a transaction to be limited to the amount defined by the verified customer when obtaining the transaction code.

At this point the purchase is consummated at least from the customer standpoint in that the customer has previously established the acceptable status of the account. Therefore the customer feels free to disclose the transaction code to the merchant or merchants instead of the actual credit card number as at **22**, **24** and is relatively unconcerned if the transaction code is published or otherwise disseminated to unauthorized entities. In a preferred embodiment wherein a merchant identifier is pre-coded in association with the transaction code, the pre-coding of the transaction code will prohibit an unauthorized use due at least in part to the fact that the merchant is specifically identified and any attempt to use the transaction

code other than by the identified merchant will be prohibited. In addition, the merchant is prevented from "overcharging" or "extending" the purchase by fixing the dollar amount to satisfy the specific cost or limit of the purchase as well as a specific time limit or time parameters in which the authorization for payment is valid. Such information, as set forth above, is communicated by the requested and subsequently designated payment category as set forth above. Restricted communication between the merchant and the custodial authorizing entity as at **26** is permitted exclusively for purposes of verification of the transaction code in a manner, which may utilize, at least to some extent, conventional facilities for the verification of a credit card number by most merchants or like commercial establishments. As a result, the merchant also has a desired verification as to the validity of a transaction and can effectively make arrangements to be paid by the credit card company.

If for some reason the transaction code is refused verification, the customer may be informed directly by the merchant as at **28** and or the transaction may be terminated as at **30**. Assuming verification of the transaction code by the custodial authorizing entity, the merchant proceeds to consummate the purchase and send the order, as at **32**, in the case of a remote commercial transaction.

FIGS. **3** and **4** are representative of the versatility of the system and method of the present invention wherein the customer **54** may receive the aforementioned promotional information from the merchant **56** by any appropriate means such as television solicitation as at **58**, phone solicitation as at **60** and/or personal solicitation as at **62**. Once the customer receives the promotional information, which may include the viewing of the product itself, or in advance if a general estimate as to the ultimate cost of an anticipated purchase(s) can be made prior to viewing promotional information, the customer contacts the custodial authorizing entity **64** by any appropriate electronic or conventional facilities such as direct phone to phone contact as at **66** and **66'** or direct computer contact as at **42'**, **45'**. Once the customer's authorization is confirmed, details of the anticipated transaction are established so as to determine a payment category, and a transaction code is issued to the customer. The customer, either directly or through a representative, can then utilize the transaction code to consummate a transaction within the defined parameters of the payment category. Moreover, the merchant **56**, through a conventional, yet restricted communication with the custodial authorizing entity **64** by any of a plurality of conventional or electronic methods using computer to computer linking as at **44'**, **45'** or by telephone transmission as at **56'**, **66'**, can obtain a verification and subsequent payment utilizing the transaction code only.

As emphasized above, an important feature of the present invention is the ability of the customer to request a desired or a required payment category and the ability of the custodial authorizing entity **64** and/or a processing computer **45** of the custodial authorizing entity to issue a transaction code in accordance with the payment category. The payment categories, may be collectively defined as a variety of different types of transactions. Such transactions may include a single transaction for a specific amount of a purchase to be consummated. Alternatively, the payment category may include a single transaction defined by a single purchase having a maximum limit amount, wherein the specific or precise cost of the purchase has not been determined for a variety of reasons, and as such, the customer desires to set a maximum amount for which the single transaction may be made. Accordingly, with such a payment category, the exact amount may not be known in advance, but the customer is assured of not paying over the specifically designated maximum limit. In addition, the transactions are preferably, but not necessarily, authorized to be conducted only over a fixed life period of time, such as within twenty four hours, thereby ensuring that an outstanding transaction code does not remain valid if not used as generally intended. This limited time period can, of course be varied or omitted depending upon the wishes of the customer and/or the policies of the custodial authorizing entity. Also, these or any other payment category transactions may include a specific merchant identification to further restrict use of the transaction code.

The payment category may also include a multi-transaction authorization wherein more than one purchase may be made from one or a plurality of different merchants, each of which may or may not be identified by the customer and pre-coded in association with the transaction code, and wherein a total cost of the plurality of purchases may not exceed a maximum limit amount. This transaction can also be limited to having to take place within a predetermined, designated fixed life span, such as but not limited to twenty four hours. Accordingly, in some instances wherein a customer, or an agent of the customer, such as a child, guardian, or care giver, must make a number of transactions or purchases which are authorized by the customer, the customer may designate a maximum amount which can be spent utilizing a particular transaction code within a predetermined period of time, and/or can designate that only one merchant, whether designated or not, can use the transaction code.

As yet another alternative, the payment category may include a repeating transaction for a specific amount to be paid in each of a fixed number of intervals. For example, the customer may which to join a gym or receive services or products over a fixed number of payment intervals, such as every thirty days. Accordingly, the merchant will be authorized to charge the credit card account designated by the corresponding transaction code a fixed monthly payment. Similarly, a repeating transaction for a stated minimum interval such as every thirty days may be authorized for a specific amount for an unspecified number of intervals wherein the merchant will be authorized to continuously obtain payment on a "monthly" basis until the customer decides to cancel such authorization.

Since many modifications, variations and changes in detail can be made to the described preferred embodiment of the invention, it is intended that all matters in the foregoing description and shown in the accompanying drawings be interpreted as illustrative and not in a limiting sense. Thus, the scope of the invention should be determined by the appended claims and their legal equivalents.

Now that the invention has been described,

What is claimed is:

1. A method of performing secure credit card purchases, said method comprising:

a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;

b) supplying said custodial authorizing entity with at least account identification data of said customer's account;

c) defining a payment category including at least limiting purchases to a single merchant for at least one transaction, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;

d) designating said payment category thereby designating at least that a transaction code generated in accordance with said payment category can be used by only one merchant;

e) generating a transaction code by a processing computer of said custodial authorizing entity, said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category;

f) communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters;

g) verifying that said defined purchase parameters are within said designated payment category; and

h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.

2. The method of claim **1** further comprising the step of designating said single merchant subsequent to generating said transaction code.

3. The method of claim **1** wherein said step of communicating the transaction code to said merchant to consummate said purchase within defined purchase parameters further comprises designation of said single merchant.

4. The method of claim **1** wherein said step of generating said transaction code further comprises said customer obtaining said transaction code.

5. The method of claim **1** further comprising obtaining said authorization for said purchase from the custodial authorizing entity.

6. The method of claim **1** further comprising a step of communicating promotional information of offered subject matter to the customer by the merchant, pre-determining the purchase parameters of the purchase, and corresponding said designated payment category to said purchase parameters.

7. The method of claim **1** further comprising the merchant communicating the transaction code to the custodial authorizing entity for verification.

8. The method of claim **1** further comprising generating a transaction code which reflects at least one of a plurality of said payment categories.

9. The method of claim **8** further comprising defining at least one of said plurality of payment categories to include amount parameters for a cost of one or more purchases.

10. The method of claim **8** further comprising defining at least one of said plurality of payment categories to include time parameters during which the purchase can be completed.

11. The method of claim **8** further comprising defining at least one of said plurality of payment categories to include using said transaction code for a single transaction at a fixed amount for purchase within a predetermined period of time.

12. The method of claim **8** further comprising defining at least one of said plurality of payment categories to include using said transaction code for a single transaction at a maximum amount for purchase within a predetermined period of time.

13. The method of claim **12** further comprising defining at least one of said plurality of payment categories to include limiting purchases to said single transaction at said maximum amount for purchase within said predetermined period of time.

14. The method of claim **8** further comprising defining at least one of said plurality of payment categories to include using said transaction code for at least two purchases at a maximum total amount for items purchased within a predetermined time period.

15. The method of claim **14** further comprising defining at least one of said plurality of payment categories to include limiting purchases to said at least two purchases at said maximum total amount for items purchased within said predetermined time period.

16. The method of claim **8** further comprising defining at least one of said plurality of payment categories to include using said transaction code for at least two purchases for a repeating transaction at a fixed amount payable at each of a fixed number of time intervals.

17. The method of claim **16** further comprising defining at least one of said plurality of payment categories to include limiting purchases to said repeating transaction at said fixed amount payable at each of said fixed number of time intervals.

18. The method of claim **8** further comprising defining at least one of said plurality of payment categories to include using said transaction code for a repeating transaction at a fixed amount payable at each of an unspecified number of time intervals.

19. The method of claim **18** further comprising defining at least one of said plurality of payment categories to include limiting purchases to said repeating transaction at said fixed amount payable at each of said unspecified number of time intervals.

20. The method of claim **8** wherein said plurality of payment categories further include at least one of the group consisting of:

a) using said transaction code for a single transaction at a fixed amount for a purchase within a predetermined period of time,

b) using said transaction code for a single transaction at a maximum amount for a purchase within a predetermined period of time,

c) using said transaction code for multiple transactions at a maximum total amount for purchases within a predetermined time period,

d) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of a fixed number of time intervals, and

e) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of an unspecified number of time intervals.

21. The method of claim **8** wherein said plurality of payment categories further include at least one of the group consisting of:

a) using said transaction code for a single transaction at a fixed amount for a purchase,

b) using said transaction code for a single transaction at a maximum amount for a purchase,

c) using said transaction code for multiple transactions at a maximum total amount for purchases,

d) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of a fixed number of time intervals, and

e) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of an unspecified number of time intervals.

22. The method of claim **1** further comprising generating said transaction code to further reflect an identification of said single merchant.

23. The method of claim **22** further comprising defining said payment category to include limiting purchases to a limited time interval during which said purchase is permitted.

24. A method of performing secure credit card purchases, said method comprising:

a) identifying a pre-established account that is used to make credit card purchases;

b) designating at least one of a plurality of pre-defined payment categories which limit a nature of a subsequent

purchases, at least one of said payment categories including limiting purchases to a single merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;

c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account, said transaction code associated with at least said pre-established account and the limits of said selected payment category, and different from said pre-established account;

d) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters;

e) verifying that said defined purchase parameters correspond to said designated payment category; and

f) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase; and

g) associating the purchase with said pre-established account.

25. A method of performing secure credit card purchases, said method comprising:

a) identifying a pre-established account that is used to make credit card purchases;

b) selecting a predetermined payment category which limits a nature, of a series of subsequent purchases to a single merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;

c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account, said transaction code associated with at least said pre-established account and the limits of said selected payment category and different from said pre-established account;

d) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters;

e) verifying that said defined purchase parameters correspond to said selected payment category;

f) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and

g) associating the purchase with said pre-established account.

26. The method of claim **25** wherein said step of selecting said payment category which limits said nature of said series of subsequent purchases to said single merchant further comprises limiting said nature of said series of subsequent purchases to a fixed amount for each of said subsequent purchases.

27. The method of claim **25** wherein said step of selecting said payment category which limits said nature of said series of subsequent purchases to said single merchant further comprises limiting said nature of said series of subsequent purchases to a maximum total amount for said subsequent purchases.

28. The method of claim **25** wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as said single merchant.

29. A method of performing secure credit card purchases, said method comprising the steps of:

a) identifying a pre-established account that is used to make credit card purchases;

b) selecting a pre-determined payment category which limits a nature of a subsequent purchase to a single merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;

c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account, said transaction code associated with at least said pre-established account and the limits of said selected payment category, and different from said pre-established account;

d) designating a merchant as said single merchant;

e) communicating said transaction code to said merchant to consummate a purchase within defined purchase parameters;

f) verifying that said defined purchase parameters correspond to said selected payment category;

g) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and

h) associating the purchase with said pre-established account.

30. The method of claim **29** wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as said single merchant.

* * * * *

UNITED STATES PATENT AND TRADEMARK OFFICE

CERTIFICATE OF CORRECTION

PATENT NO. : 7,840,486 B2
APPLICATION NO. : 11/252009
DATED : November 23, 2010
INVENTOR(S) : John D'Agostino

It is certified that error appears in the above-identified patent and that said Letters Patent is hereby corrected as shown below:

Column 7, line 25,

replace "FIGS. 3 and 4"
with -- FIGS. 2 and 3 --

Column 11, line 9, claim 24.c)

replace "said selected payment category"
with -- said designated payment category --

Signed and Sealed this
Twenty-sixth Day of April, 2011

David J. Kappos

David J. Kappos
Director of the United States Patent and Trademark Office

UNITED STATES PATENT AND TRADEMARK OFFICE

CERTIFICATE OF CORRECTION

PATENT NO. : 7,840,486 B2
APPLICATION NO. : 11/252009
DATED : November 23, 2010
INVENTOR(S) : John D'Agostino

It is certified that error appears in the above-identified patent and that said Letters Patent is hereby corrected as shown below:

Column 9, line 7, claim 1.f)

replace "purchase with defined"
with -- purchase within defined --

Signed and Sealed this
Twelfth Day of February, 2013

Teresa Stanek Rea
Acting Director of the United States Patent and Trademark Office

CERTIFICATE OF SERVICE

I, Rose E. Olejniczak, being duly sworn according to law and being over the age of 18, upon my oath deposes and states that:

Counsel Press was retained by Flachsbart & Greenspoon, LLC, Attorneys for Appellant, John D'Agostino, to print this document. I am an employee of Counsel Press.

On April 15, 2016, Flachsbart & Greenspoon authorized me to electronically file the foregoing Brief of Appellant John D'Agostino with the Clerk of the Federal Circuit using the CM/ECF System, which will serve e-mail notice of such filing on the following attorneys:

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Upon acceptance by the Court of the e-filed document, six paper copies of the brief will be filed with the Court, via Federal Express, within the time provided in the Court's rules.

/s/ Rose E. Olejniczak
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CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B). This brief contains 13,650 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii) and Fed. Cir. R. 32(b).

The brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because this brief has been prepared in a proportionally-spaced typeface using Microsoft Word 2010 in 14-point Times New Roman type.

/s/ Robert P. Greenspoon
Robert P. Greenspoon

Nos. 2016-1592, 2016-1593

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

JOHN D'AGOSTINO,

Appellant,

v.

MASTERCARD INTERNATIONAL INCORPORATED,

Appellee,

APPEAL FROM THE UNITED STATES PATENT AND TRADEMARK OFFICE FOR THE PATENT TRIAL AND APPEAL BOARD IN NOS. IPR2014-00543 AND IPR2014-00544

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May 31, 2016

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CERTIFICATE OF INTEREST

In compliance with Federal Circuit Rule 47.4, counsel for the Appellee MasterCard International Incorporated, certifies the following:

1. The full name of every party or amicus represented by me is:

MasterCard International Incorporated.

2. The name of the real party in interest (if the party named in the caption is not the real party interest) represented by me is:

Not applicable.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the parties or amicus represented by me are:

MasterCard Incorporated.

4. The names of all law firms and partners or associates that appeared for the party or amicus represented by me in the trial court or agency or are expected to appear in the court are:

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Patent Owner, Ex. 2011, p.148

TABLE OF ABBREVIATIONS

U.S. Patent No. 8,036,988	’988 patent
U.S. Patent No. 7,840,486	’486 patent
U.S. Patent No. 6,422,462	Cohen
U.S. Patent No. 5,826,243	Musmanno
IPR2014-00543 & IPR2014-00544	Trial

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STATEMENT OF RELATED CASES

The following cases may be affected by this Court's decision: *John D'Agostino v. MasterCard, Inc. et al*, Case No. 1:13-cv-00738 (D. Del.).

I. STATEMENT OF THE ISSUES

Did the Patent Trial and Appeal Board properly construe the "single merchant" limitation and the "one or more merchants" limitation in the challenged claims of the '988 and '486 patents?

Did the Patent Trial and Appeal Board properly exercise its discretion under PTAB Trial Rule 37 C.F.R. § 42.71(d) in refusing to consider Patent Owner's argument that the claims include a "requirement that the 'particular merchant' is the 'single merchant'" because that argument "was not raised" during the Trial, and was instead belatedly and improperly raised only in Patent Owner's motion for rehearing?

Did the Patent Trial and Appeal Board properly exercise its discretion in evaluating and weighing the record evidence, including the expert testimony and prior art disclosures, in reaching its conclusion that the challenged claims of the '988 and '486 patents should be cancelled?

II. STATEMENT OF THE CASE

On March 28, 2014, MasterCard International Incorporated ("MasterCard") filed two petitions (the "Petitions") at the Patent Trial and Appeal Board ("PTAB"). In IPR2014-00543, MasterCard requested *Inter Partes Review* of claims 1-38 (all claims) of U.S. Pat. No. 8,036,988 ("the '988 Patent") issued to John D'Agostino ("Patent Owner"), and in IPR2014-00544, requested *Inter Partes*

Review of claims 1-30 (all claims) of U.S. Patent No. 7,840,486 ("the '486 Patent") also issued to Patent Owner.

In IPR2014-00543, MasterCard set forth that claims 1-10, 15-25, 27-33, and 35-38 of the '988 Patent are unpatentable under 35 U.S.C. § 102 as anticipated by U.S. Patent No. 6,422,462 to Cohen ("Cohen"), and that claims 11-14, 26, and 34 are unpatentable under 35 U.S.C. § 103 as obvious over Cohen and U.S. Patent No. 5,826,243 to Musmanno ("Musmanno"). In IPR2014-00544, MasterCard set forth that claims 1-15 and 22-30 of the '486 Patent are unpatentable under 35 U.S.C. § 102 as anticipated by Cohen, and that claims 16-21 are unpatentable under 35 U.S.C. § 103 as obvious over Cohen and Musmanno.[1] In response to both Petitions, the Patent Owner filed Preliminary Responses (the "Preliminary Responses") at the PTAB on July 10, 2014 responding to the arguments set forth in the Petitions and objecting to the requests for *Inter Partes Review* for the '988 Patent and '486 Patent (collectively, the "Patents-at-Issue").

[1] In IPR2014-00543, MasterCard set forth additional arguments that claims 1-10, 15-25, 27-33, and 35-38 of the '988 Patent are unpatentable under 35 U.S.C. § 102 as anticipated by U.S. Patent No. 6,636,833 to Flitcroft ("Flitcroft"), and that claims 11-14, 26, and 34 are unpatentable under 35 U.S.C. § 103 as obvious over Flitcroft and Musmanno. Similarly, in IPR2014-00544, MasterCard set forth additional arguments that claims 1-15 and 22-30 of the '486 Patent are unpatentable under 35 U.S.C. § 102 as anticipated by Flitcroft, and that claims 16-21 are unpatentable under 35 U.S.C. § 103 as obvious over Flitcroft and Musmanno.

After reviewing the Petitions and Preliminary Responses, the PTAB issued decisions instituting Trial[2] in both IPR2014-00543 and IPR2014-00544 on September 4, 2014 on the basis of Cohen and Musmanno.[3] Subsequently, the Patent Owner filed Responses (the "Responses") on December 5, 2014, further responding to the arguments set forth in the Petitions. And thereafter MasterCard filed Replies (the "Replies") on February 27, 2015.

On May 12, 2015, the PTAB held an oral hearing (the "Oral Hearing") in both proceedings in which MasterCard and Patent Owner presented arguments for the '988 Patent and '486 Patent. Judges Sally C. Medley, Karl D. Easthom, and Kalyan K. Deshpande presided over the hearing, in which the parties each had sixty minutes to present their arguments.

After the oral hearing, on August 31, 2015, the PTAB issued Final Written Decisions (the "Final Decisions") ending the Trial in both proceedings, finding all claims of both the '988 Patent and the '486 Patent unpatentable under 35 U.S.C. §§ 102 and 103 on the basis of Cohen and Musmanno.

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[2] *See* 37 C.F.R. § 42.2 (defining "Trial").

[3] The PTAB did not institute review in the *IPR* proceedings based upon the additional arguments that the '988 Patent and '486 Patent are unpatentable under 35 U.S.C. §§ 102 and 103 to Flitcroft and Musmanno on the grounds that they were "redundant to the ground of unpatentability on which we institute review for the same claims." '988 Institution Decision at 19-20 (Appx19-20); '486 Institution Decision at 17 (Appx43).

On September 29, 2015, Patent Owner filed Requests for Rehearing (the "Requests for Rehearing") for both *IPR* proceedings. On November 10, 2015, the PTAB issued decisions denying the requests for rehearing (the "Decisions Denying Rehearing"), in part because Patent Owner raised a new argument that the "particular merchant" is the "single merchant." ("The Board could not have misapprehended or overlooked Patent Owner's argument because Patent Owner is raising this argument for the first time on rehearing"). *See* '988 Decision Denying Rehearing, p.3 (Appx5879); '486 Decision Denying Rehearing, p.3 (Appx8797).

This appeal followed.

III. STATEMENT OF FACTS

A. The Patents-at-Issue

The '988 Patent and '486 Patent[4] are directed to a secure method for performing credit card purchases, wherein a customer submits a transaction code, rather than a credit card number to a merchant when making a purchase. Generally, the customer contacts an authorizing entity, such as a credit card company or issuing bank, and requests a transaction code. The transaction code can be limited to purchases within a payment category, such as within a specific period of time, within a maximum dollar limit, with a specific number of

[4] The '988 Patent and '486 Patent share a common specification. For convenience, citations to the specification of the Patents-at-Issue will be to the specification of the '988 Patent.

merchants, or with a specific merchant. The customer can then use the transaction code to make a purchase at a merchant or online.

B. The ’988 Patent Ex Parte Reexamination

On September 12, 2012, MasterCard filed a Request for Ex Parte Reexamination of the ’988 Patent, and after an initial decision denying the request, on January 7, 2013, MasterCard filed a Petition for Review under 37 C.F.R. § 1.181. On June 7, 2013, the Director of the Central Reexamination Unit granted the Petition for Review and granted the Request for Ex Parte Reexamination for all claims of the ’988 Patent.

In the Office Action subsequently issued in the Ex Parte Reexamination, the Examiner agreed with the Director, rejecting all the claims of the ’988 Patent. *See* ’988 Patent Reexam History, 9/11/13 Office Action, 3-25 (Appx2491-2513). The Examiner specifically rejected the “single merchant” limitation of claim 21 of the ’988 Patent by noting that “Cohen discloses that ‘[a] user dials into her credit card company before making a transaction, and ... is provided with a disposable or customized number’ where the user ‘... can indicate in advance of purchase ... what the single use or the customized credit card number is to be used for’ (Cohen, col. 3, II. 49-52).” ’988 Patent Reexam History, 9/11/13 Office Action, 18 (Appx2506). The Examiner further noted that “[a] customized use card with a customized use for only that particular type of charge would result in a card with a

merchant limitation (*e.g.*, only those merchants of that type) prior to any particular merchant (*e.g.*, a specific merchant of that type) being identified. Additionally, Cohen states that the card could even be customized for use in a particular store itself or a particular chain of stores (Cohen, col. 8, II. 32-34)." '988 Patent Reexam History, 9/11/13 Office Action, 19 (Appx2507).

On November 11, 2013, Patent Owner filed a Response to the Office Action. *See* '988 Patent Reexam History, 11/11/13 Office Action Response ("Reexam Response"). However, in the Reexam Response, Patent Owner never addressed the disclosures in Cohen cited by the Examiner above for anticipating the "single merchant" limitation of claim 21. Instead, Patent Owner only argued that the "one or more merchants" limitation does not anticipate the "single merchant" limitation. '988 Patent Reexam History, 11/11/13 Office Action Response, 28-30 (Appx2441-43).

In the Final Office Action issued in the Ex Parte Reexamination, the Examiner again rejected all the claims of the '988 Patent. *See* '988 Patent Reexam History, 3/27/14 Final Office Action, 3-16 (Appx2371-84). Once again, the Examiner rejected the "single merchant" limitation of claim 21 of the '988 Patent by noting that "[t]he language of 'a single merchant' is specifically addressed on pages 17-19 of the Non-Final rejection of 9/11/2013." '988 Patent Reexam History, 3/27/14 Final Office Action, 12 (Appx2380).

On July 23, 2014, Patent Owner filed an Appeal Brief with the Patent Trial and Appeal Bureau under 37 C.F.R. § 41.33 in response to the Final Rejection issued on March 27, 2014. *See* '988 Patent Reexam History, 7/23/14 Appeal Brief ("Reexam Appeal Brief"). In the Reexam Appeal Brief, Patent Owner noted with respect to claim 21 of the '988 Patent that:

> Cohen describes two separate, distinct types of limited-use credit cards. The first is a disposable, single-use card that is used for one transaction and then deactivated. The second is a custom-use credit card that has user created limitations that restrict use of the credit card: 'In one embodiment of the invention, a user can indicate in advance of purchase, on the telephone with the credit card company, what the single use or the customized credit card number is to be used for.'

'988 Patent Reexam History, 7/23/14 Appeal Brief, 10 (Appx2330). As discussed in further detail below, Cohen actually discloses multiple examples of a "single merchant" limited-use credit card in addition to the features Patent Owner identifies in the citation above. *See infra* Section V.D. Yet, despite conceding that Cohen discloses multiple teachings directed to limited-use credit cards, Patent Owner's argument for the "single merchant" limitation of claim 21 in its Reexam Appeal Brief focused on Cohen's teaching of creating a card limited to "a particular store or chain of stores." '988 Patent Reexam History, 7/23/14 Appeal Brief, 12-14 (Appx2332-34). Furthermore, Patent Owner never explained why a single-use card limited to a "chain of stores" does not limit the credit card to a single merchant before identifying a particular merchant at which the credit card is

used. Patent Owner argued that a "chain of stores limitation is an identity limitation." '988 Patent Reexam History, 7/23/14 Appeal Brief, 13 (Appx2333). But, this argument is specious, because a "chain of stores" limitation does not in itself identify a particular merchant at which the credit card will be used. Simply put, identifying a "chain of stores" does not identify a particular merchant. Patent Owner provided no further discussion regarding this issue in its Reexam Appeal Brief.

Despite Patent Owner's limited explanations, on September 12, 2015, the Central Reexamination Unit (CRU) issued a Notice of Intent to Issue Ex Parte Reexamination Certificate (the "NIIRC"). The vast majority of the NIIRC was directed to the claims of the '988 Patent with the "one or more merchants" limitation. '988 Patent Reexam History, 7/23/14 Notice of Intent to Issue Ex Parte Reexamination Certificate, 2-4 (Appx2311). With respect to the "single merchant" limitation of claim 21, the CRU simply noted that "Cohen does not disclose a single merchant being included in a payment category prior to any particular merchant being identified." '988 Patent Reexam History, 7/23/14 Notice of Intent to Issue Ex Parte Reexamination Certificate, 4 (Appx2311). However, the CRU did not provide any reasoning to support this conclusion. *Id*.

C. Petition for Covered Business Method Patent Review

Prior to filing the two *IPR* Petitions at the PTAB, on September 17, 2013, MasterCard filed requests at the PTAB for Covered Business Method ("CBM") Patent Review of the '988 Patent and '486 Patent. On March 7, 2014, the PTAB denied institution of CBM review, noting that the prior art references Cohen and Flitcroft cited in the CBM petitions were §102(e) prior art, and therefore did not qualify as prior art for a CBM review under Section 18(a)(1)(C) of the AIA.[5] *See* PTAB's 3/7/14 CBM Decision for the '988 Patent at 13-14 (Appx10483-84); PTAB's 3/7/14 CBM Decision for the '486 Patent at 8-9 (Appx12744-45). Contrary to the Patent Owner's contention, Appeal Brief at 57, Patent Owner did not "win" the CBM review on the merits of the prior art. The PTAB simply did not address the substance of the prior art disclosures. *Id*.

IV. SUMMARY OF THE ARGUMENT

Patent Owner is attempting to introduce new arguments that were never presented to the PTAB during the Trial below, including an argument the PTAB itself has already rejected as having been presented too late. Specifically, after the

[5] Prior to the PTAB's Institution Decisions in the CBM proceedings, the House of Representatives had passed H.R. 3309, a bill which *inter alia* made 102(e) art available in all CBM Reviews, including petitions filed before the passage of the bill. *See* H.R. 3309 (113th Congress), § 9(d)(1). That bill, however, did not reach the Senate floor. *See* http://arstechnica.com/tech-policy/2014/05/how-the-patent-trolls-won-in-congress/ (last accessed May 31, 2016) (noting that the failure of the Senate to take up the bill was a "surprise").

PTAB issued its Final Written Decisions, Patent Owner made a request for rehearing, arguing for the first time that the "single merchant" limitation requires that the "single merchant" and the "particular merchant" must be identical. *See* '988 Rehearing Request, pp. 2-5 (Appx5870-73); '486 Rehearing Request, pp. 2-5 (Appx8788-91). The PTAB rejected this argument on several grounds, including that it was a new argument and was therefore improper pursuant to PTAB Rules ("The Board could not have misapprehended or overlooked Patent Owner's argument because Patent Owner is raising this argument for the first time on rehearing"). *See* '988 Decision Denying Rehearing, pp. 2-4 (Appx5878-80); '486 Decision Denying Rehearing, pp. 2-4 (Appx8796-98) (*citing* 37 C.F.R. § 42.71(d)). The Board also found that Patent Owner failed to "provide a construction" of the claim limitation it now challenges. *Id.* at 5, n.2. Having failed to present this argument in the manner required by the PTAB's rules, Patent Owner should not be permitted to raise it now on appeal.

Additionally, Patent Owner's Brief repeatedly introduces new arguments involving computer programming "data structures" that were never raised below. These new arguments are made in an effort to support its improper argument that the "single merchant" must be the same as the "particular merchant." *See e.g.*, Patent Owner Appeal Brief at 43. The fact that Patent Owner never raised these "data structure" arguments in the Trial below is no surprise. There is no mention

of these "data structures" in the claim language of the Patents-at-Issue, the patents' specification, nor in the prosecution history. This Court should not consume its limited judicial resources reviewing arguments that are so plainly meritless that Patent Owner's Trial counsel refused to present them in the first instance to the PTAB.

The PTAB correctly held in the Final Decisions that Cohen discloses a single merchant limitation, relying on the "chain of stores" embodiment disclosed in Cohen. Patent Owner argues that the chain of stores embodiment does not satisfy the timing sequence of the "single merchant" limitation, requiring "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." Patent Owner argues that "limiting transactions to a 'chain of stores' at a certain point in time forecloses any possibility of the identification of such stores 'as said single merchant' from happening later." See Patent Owner Appeal Brief at 31. But Patent Owner is wrong, at the very least, by its own admission. At the Oral Hearing, Patent Owner agreed that for a chain of stores, "each franchisee is a separate merchant," and therefore limiting transactions to a chain of stores does not actually identify a particular store "as said single merchant." Oral Hearing at 36:21-37:2 (Appx5819-20), 34:14-16 (Appx5817). In addition, Patent Owner admitted at the Oral Hearing that if Cohen anticipates the "single merchant"

limitation, then it necessarily also anticipates the "one or more merchants" limitation. Oral Hearing at 56:6-12 (Appx5839).

Accordingly, there is no reason for this Court to disturb the findings of the PTAB in the *IPR* proceedings below and this Court should affirm the decisions below.

V. ARGUMENT

A. Standard of Review

This Court reviews the PTAB's claim constructions *de novo* and its findings of fact for substantial evidence. *See Microsoft Corp. v. Proxyconn, Inc.*, 788 F.3d 1292, 1297 (Fed. Cir. 2015). This Court has held that the PTAB properly adopted the broadest reasonable interpretation standard of claim construction in *IPR* proceedings. *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1279 (Fed. Cir. 2015). Accordingly, claims under review by the PTAB in *IPR* proceedings are given their broadest reasonable interpretation consistent with the specification and teachings in the underlying patents. *Microsoft Corp.*, 788 F.3d at 1298.

Anticipation is a question of fact reviewed for substantial evidence. *In re Rambus, Inc.*, 753 F.3d 1253, 1256 (Fed. Cir. 2014). Substantial evidence is "such relevant evidence as a reasonable mind might accept as adequate to support a conclusion." *In re Mouttet*, 686 F.3d 1322, 1331 (Fed. Cir. 2012). Therefore, even "[i]f the evidence in record will support several reasonable but contradictory

conclusions, [this Court] will not find the Board's decision unsupported by substantial evidence simply because the Board chose one conclusion over another plausible alternative." *In re Jolley*, 308 F.3d 1317, 1320 (Fed. Cir. 2002). Obviousness is a question of law reviewed *de novo*, but any findings of fact underlying the holding are reviewed for substantial evidence. *Randall Mfg. v. Rea*, 733 F.3d 1355, 1362 (Fed. Cir. 2013).

B. Patent Owner has Impermissibly Introduced New Arguments to this Court on Appeal

Patent Owner's new appellate counsel[6] is improperly attempting to introduce issues that were never raised during the Trial. This Court has recognized the Supreme Court's guidance that "a federal appellate court does not consider an issue not passed upon below." *Interactive Gift Exp., Inc. v. Compuserve Inc.*, 256 F.3d 1323, 1344 (Fed. Circ. 2001) (*citing Singleton v. Wulff*, 428 U.S. 106, 120 (1976)). The Federal Circuit has made clear that "[i]t is a long-standing rule that, in order to be reviewable on appeal, a claim or issue must have been 'pressed or passed upon below.'" *Interactive Gift Exp., Inc.*, 256 F.3d at 1344 (*citing* 19 James Wm. Moore *et al*., Moore's Federal Practice § 205.05, at 205-55 (3d ed. 1997)). Appellate courts are courts of review and "[n]o matter how independent an

[6] During the Trial, Patent Owner was represented by the Maxey Law Offices, PLLC. In the current appeal, Patent Owner is now represented by Flachsbart & Greenspoon.

appellate court's review of an issue may be, it is still no more than that—a review." *Sage Prods., Inc. v. Devon Indus., Inc.*, 126 F.3d 1420, 1426 (Fed. Cir. 1997). This Court should not consider Patent Owner's new issues that were never raised during the Trial.

1. Patent Owner's Argument was Already Properly Rejected by the PTAB as Untimely and on the Merits

Patent Owner argues that the "single merchant" limitation requires that the "single merchant" and the "particular merchant" must end up being identical. Patent Owner Appeal Brief at 43. Patent Owner raised this argument for the first time in its Rehearing Request. *See* '988 Rehearing Request, pp. 2-5 (Appx5870-73). The PTAB rejected this argument on several grounds, including that it was a new argument ("The Board could not have misapprehended or overlooked Patent Owner's argument because Patent Owner is raising this argument for the first time on rehearing"). *See* '988 Decision Denying Rehearing, p.3 (Appx5879). The Board also found that although Patent Owner's belated argument asserted that the Board's construction was "erroneous and provides an example to illustrate its argument" the Patent Owner failed to "provide a construction of this limitation." *Id.* at 5, n.2 (Appx5881). Because the Board was entirely within its discretion under the PTAB's Rules to refuse to consider arguments not raised during the Trial, this Court should affirm on this reason alone. *See* 37 C.F.R. § 42.71(d) (precluding modification of Board decisions based on arguments not "previously

addressed in a motion, opposition or a reply.").

Moreover, two different claim terms in the same patent should not be construed to be identical. *See Kara Tech., Inc. v. Stamps.com, Inc.*, 582 F.3d 1341, 1347 (Fed. Cir. 2009) ("when the inventor wanted to restrict the claims to require the use of a key, he did so explicitly.") Here, had the inventor wanted the "particular merchant" to be identical to the "single merchant" he would have used the identical term.

2. Patent Owner's Reliance on Computer Programming Data Structures is New

In an effort to support its new claim construction that the "single merchant" must be the same as the "particular merchant," Patent Owner repeatedly draws upon computer terminology never seen before in the intrinsic or extrinsic records. For instance, in the Appeal Brief, Patent Owner references "blank placeholders" (pp. 3-4, 9, 11, 12, 13-14, 16-17, 41, 43, 46), "data structures" (pp. 3-4, 7, 12, 13-14, 29, 43), and the process for "instantiating" (pp. 16-17, 44) and "populating" (pp. 3-4, 41, 46) these data structures.

This Court, however, has made clear that "a party may not introduce new claim construction arguments on appeal or alter the scope of the claim construction positions it took below." *Digital-Vending Services Intern., LLC v. University of Phoenix, Inc.*, 672 F.3d 1270 1273 (Fed. Cir. 2012) (*citing Conoco, Inc. v. Energy & Envtl. Int'l, L.C.*, 460 F.3d 1349, 1358–59 (Fed. Cir. 2006)). Patent Owner,

however, is now attempting to do just that by contending that the "particular merchant" must be identical to the "single merchant" and by supporting its construction with brand new positions and terminology.

For instance, Patent Owner argues that the "single merchant" limitation and "one or more merchants" limitation must be read to include specific types of "variable declarations." *See e.g.*, Patent Owner Appeal Brief at 3-4, 11-12, 16-17, 27-29, 41, 43-46. Patent Owner further argues that the computer programming data structures for these merchant limitations must be variable declarations that act as "blank placeholders." *Id*. According to Patent Owner, these blank placeholders must be initially left blank and then later populated (*i.e.*, instantiated) with a particular merchant when the transaction code is used. *Id*.

Patent Owner raises these new arguments repeatedly throughout its opening Appeal Brief, asking the Federal Circuit to issue a new claim construction that the "single merchant" limitation requires that the "single merchant" be identical to the "particular merchant." Patent Owner, however, never properly presented these claim construction arguments to the PTAB during the Trial, and therefore these arguments should be rejected. *See* '988 Decision Denying Rehearing, pp. 3, 5.n.2 (Appx5879-81); *see also Digital-Vending Services Intern., LLC*, 672 F.3d at 1273 ("a party may not…alter the scope of the claim construction positions it took below" (*citing Conoco, Inc.*, 460 F.3d at 1358-59)).

3. There is No Support For Patent Owner's Belatedly Proposed Claim Constructions

The fact that Patent Owner never raised these computer programming arguments during the Trial, or that the "single merchant" must be the same as the "particular merchant," is no surprise. There is no mention of these computer programming data structures in the claim language of the Patents-at-Issue, and no support for them in the specification or the prosecution history.

Additionally, Patent Owner's new arguments are inconsistent with the law of claim construction applicable to AIA Trials. "A claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears." 38 C.F.R. §42.100(b); *see also In re Cuozzo*, 793 F.3d at 1279. Under the broadest reasonable interpretation, there is simply no basis to interpret the "single merchant" limitation and "one or more merchants" limitation to require any specific computer programming data structures, or that the "single merchant" be the same as the "particular merchant."

a. *No Support in Claim Language or Specification*

The claim language and specification for the Patents-at-Issue do not mention any of the data structures proposed by the Patent Owner. The Patents-at-Issue simply note that "an important feature of the present invention is the ability of the customer to request a desired or a required payment category and the ability of the custodial authorizing entity and/or a processing computer of the custodial

authorizing entity to issue a transaction code in accordance with the payment category." '988 Patent at 7:56-61 (Appx66). The specific computer programming techniques (*i.e.*, the data structures and algorithms) for implementing these features are not disclosed in the Patents-at-Issue.

In fact, the Patents-at-Issue only disclose the "single merchant" limitation in two sections of the specification. One section is the single transaction embodiment, which is discussed in the following passage:

> The payment categories, may be collectively defined as a variety of different types of transactions. Such transactions may include a **single transaction** for a specific amount of a purchase to be consummated. Alternatively, the payment category may include a **single transaction** defined by a **single purchase having a maximum limit amount**, wherein the specific or precise cost of the purchase has not been determined for a variety of reasons, and as such, the customer desires to set a maximum amount for which the single transaction may be made.

'988 Patent at 7:56-61 (Appx66) (emphasis added). In another section of the specification, the Patents-at-Issue also identify another embodiment of the "single merchant" limitation:

> Accordingly, in some instances wherein a customer, or an agent of the customer, such as a child, guardian, or care giver, must make a number of transactions or purchases which are authorized by the customer, the customer may designate a maximum amount which can be spent utilizing a particular transaction code within a predetermined period of time, and/**or can designate that only one merchant, whether designated or not, can use the transaction code**.

'988 Patent at 8:27-34 (Appx66) (emphasis added). The above passages constitute

the only disclosure for the "single merchant" limitation in the Patents-at-Issue. There is no disclosure at all of any required computer programming data structures for the merchant limitations.

Likewise, the only disclosure of the "one or more merchants" limitation in the specification of the Patents-at-Issue is the following section below:

> "The payment category may also include a multi-transaction authorization wherein more than one purchase may be made from **one or a plurality of different merchants**, each of which may or may not be identified by the customer and pre-coded in association with the transaction code, and wherein a total cost of the plurality of purchases may not exceed a maximum limit amount.

'988 Patent at 8:27-34 (Appx66) (emphasis added). Again, as discussed above, there is no mention of any necessary computer programming data structures. Patent Owner's argument that the "one or more merchants" limitation requires the implementation of specific data structures is unsupported by the disclosures of the Patents-in-Suit.

During the Trial, Patent Owner did not provide any evidence why under the broadest reasonable interpretation of the "single merchant" limitation and "one or more merchants" limitation, the PTAB should incorporate computer programming data structures in its claim construction. Patent Owner fares no better on appeal. Aside from pages of attorney argument, Patent Owner provides no citation to evidence of record that would support its new assertions that the claims recite

"'payment category' data structures…to be instantiated later at the customer's discretion." Appeal Brief at 17.

b. *No Support in Prosecution History*

There is also nothing in the file history for either the '988 Patent or '486 Patent to support Patent Owner's argument. In its opening Appeal Brief, Patent Owner cites to the following section of an Applicant Response in the prosecution of the '486 Patent to support Patent Owner's contention that "Applicant underscored that the claimed "payment category" data structure, at first, contains a placeholder for a "single merchant" that does not name who that merchant will be":

> It is a significant advantage to have a payment category, which limits transactions to a single merchant and can be "designated" by the customer in a simple method step. **This makes it unnecessary for the customer to communicate, in advance, to the issuing entity, or even to know in advance, the identity of the merchant.** Eliminating the need to identify the merchant to the issuing entity, in advance, significantly simplifies the process for both the customer and the issuer. Yet the customer can still benefit from the security advantage of a transaction code that is limited to a single merchant even if the identity of that single merchant has not yet been determined. It has been shown that customers are very reluctant to adopt security measures that impair the speed, efficiency, and ease-of-use of their credit cards. A payment category that is pre-defined to limit transactions to a single merchant offers a very simple and efficient method to adopt a highly effective security measure.

Patent Owner Appeal Brief at 12-13 (emphasis by Patent Owner) (*citing* May 13, 2009 Applicant Response at Appx1501). As illustrated by the passage cited by the

Patent Owner above, there was no attempt by the Applicant during prosecution to suggest that the payment category must contain a data structure that at first contains a blank placeholder for the single merchant. Indeed, the passage does not mention any "data structure" nor any "placeholder" whether "blank" or not.

c. *No Support in The Evidence of Record*

Patent Owner's new arguments regarding computer programming data structures also lack support in the evidentiary record. Notably, Patent Owner cites no expert testimony or any other evidence that was presented to the Board in support of its arguments that the claims require "'payment category' data structures…to be instantiated later at the customer's discretion." Appeal Brief at 17. Indeed, Petitioner is aware of no such evidence.

In short, nothing in the claims, specification, file histories, or extrinsic evidence of record supports Patent Owner's new arguments regarding the scope of the claims.

C. The PTAB's Claim Constructions Were Correct

The Patent Owner criticizes the PTAB for issuing "sua sponte eleventh hour" constructions in its Final Decisions. Appeal Brief at 4. However, there was nothing unexpected about the PTAB's claim constructions in its Final Decisions. These were not "eleventh hour" constructions but were essentially the same constructions adopted by the PTAB at Institution. The modifications in PTAB's

claim constructions in the Final Decisions from its initial constrictions in the Decisions to Institute were nonetheless minor and did not change the scope of its prior constructions. Furthermore, these were not "sua sponte" constructions, as the Patent Owner had requested construction of these terms and MasterCard had proposed terms for construction that were directly related to these terms.

1. The PTAB Correctly Construed The Single Merchant Limitation

a. *PTAB Merely Clarified its Prior Claim Construction*

Patent Owner's arguments in its opening Appeal Brief principally focus on the construction of the "single merchant limitation" in the claims of the Patents-at-Issue. The language of the "single merchant" limitation is listed below along with the PTAB's construction in the Decisions to Institute and the Final Decisions.

Claim term	**said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant**
PTAB's construction in Decision to Institute	"any group, or category, or type of merchant is included in the payment category prior to the customer selecting a particular merchant for a transaction" where the "single merchant allows for only one merchant." IPR2014-00543 Decision to Institute at 9-10 (Appx5335-36).
PTAB's construction in Final Decision	"the merchant transactions are limited to a single merchant and are included in the payment category prior to the customer selecting a particular merchant for a transaction." IPR2014-00543 Final Decision at 13 (Appx13).

As can been seen in the chart above, the PTAB's claim constructions are largely the same from the Decision to Institute to the Final Decision. The PTAB did not alter its construction regarding the sequence of the "single merchant" limitation — *i.e.*, requiring that the merchant limitation be "included in the payment category prior to the customer selecting a particular merchant for a transaction" — as this language was in both the Decision to Institute and the Final Decision. The PTAB merely clarified that the payment category required that "the merchant transactions are limited to a single merchant." This was consistent with the PTAB's position in the Decision to Institute that the "'single merchant' allows for only one merchant" in contrast to the "one or more merchants" limitation. The PTAB noted that "[t]hese two limitations, however, are distinguished from each other because the 'one or more merchants' allows for one or multiple merchants as any group, category, or type of merchant, whereas 'single merchant' allows for only one merchant." IPR2014-00543 Decision to Institute at 9-10 (Appx5335-36).

In the Final Decision, the PTAB incorporated this reasoning for the merchant limitation from the Decision to Institute into the claim construction for the "single merchant" limitation, holding that the payment category requires that "the merchant transactions are limited to a single merchant." The minor change in the language of the claim construction from the Decision to Institute to the Final Decision, however, did not alter the scope of the PTAB's claim construction.

b. *The PTAB Was Not Confused About the Teachings of the Patents*

Patent Owner argues that the PTAB "expressed profound confusion" of the teachings of the Patents-at-Issue. Patent Owner Appeal Brief at 8. In support of its argument, Patent Owner repeatedly quotes the PTAB's reasoning in its Final Written Decision:

> Patent Owner fails to provide us with a meaningful explanation as to how transactions are limited to a single merchant, without identifying any particular merchant. Accordingly, we determine that the "single merchant" includes the "particular merchant" without identifying the particular merchant. Absent such a relationship between the recited "single merchant" and "particular merchant," the claim language would be indefinite as ambiguously limiting transactions to an unidentified, particular merchant.

Patent Owner Appeal Brief, 8 and 27 (*citing* IPR2014-00543 Final Decision, 11-12 (Appx11-12) and IPR2014-00544 Final Decision, 11 (Appx37)).

But this quote in the Final Decision was directed to the PTAB's construction of the term "particular merchant," not the "single merchant" limitation. IPR2014-00543 Final Decision, 11 (Appx11). It is Patent Owner's incomplete quote that creates confusion. Patent Owner argued in its Responses that the term "specific" should be added to the construction of the claim term "particular merchant." The PTAB's full reasoning on the issue (which Patent Owner selectively edited in its citation above) reads as follows:

> *We decline to adopt Patent Owner's construction of "particular merchant." We are not persuaded that adding the term "specific" to our construction alters the meaning of our construction of "particular merchant." Independent claim 21 recites "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant."* Patent Owner fails to provide us with a meaningful explanation as to how transactions are limited to a single merchant, without identifying any particular merchant. Accordingly, we determine that the "single merchant" includes the "particular merchant" without identifying the particular merchant. Absent such a relationship between the recited "single merchant" and "particular merchant," the claim language would be indefinite as ambiguously limiting transactions to an unidentified, particular merchant. *Accordingly, we maintain our preliminary construction of "particular merchant" to mean "the merchant with whom the customer is transacting."*

IPR2014-00543 Final Decision, 11-12 (Appx11-12) and IPR2014-00544 Final Decision, 11 (Appx37) (emphasis on portions omitted by Patent Owner). As can be seen from the full citation above, the PTAB rejected Patent Owner's proposed construction for the term "particular merchant," and instead construed "particular merchant" to mean "the merchant with whom the customer is transacting." IPR2014-00543 Final Decision, 12 (Appx12).

c. *The PTAB's Construction is Largely the Same as Patent Owner's Proposed Construction*

Patent Owner argues that the PTAB erroneously construed the "single merchant" limitation, but the PTAB's construction is largely the same as Patent Owner's own proposed construction. The chart below compares the Patent

Owner's proposed construction with the PTAB's construction in the Final Written Decision.

Claim term	**said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant**
PTAB's construction in Final Decision	"the merchant transactions are limited to a single merchant and are included in the payment category prior to the customer selecting a particular merchant for a transaction." IPR2014-00543 Final Decision at 13 (Appx13).
Patent Owner's proposed construction	"including the limit in the payment category that limits transactions to a single merchant before any specific merchant is identified as the single merchant" Patent Owner Appeal Brief at 26.

The PTAB's final construction was not substantially different from the Patent Owner's proposed construction. Both constructions require (1) the limitation be included in the payment category; (2) the transactions be limited to a single merchant; and (3) the limit to be included before the customer conducts a transaction at a particular merchant.

Furthermore, Patent Owner incorrectly argues:

> the PTAB did not explain how "merchant transactions" may be "included in the payment category prior to the customer selecting a particular merchant for a transaction." The PTAB's construction, on its face, expressed a logical contradiction

Patent Owner Appeal Brief at 28. The PTAB's construction, however, as explained above, simply means that the limitation (*i.e.*, "the merchant transactions are limited to a single merchant") is "included in the payment category prior to the

customer selecting a particular merchant for a transaction." There is no contradiction.

d. *PTAB's Construction Requires a Timing Sequence*

Patent Owner goes to considerable length to argue that the PTAB's construction for the single merchant limitation does not have a timing sequence (*i.e.*, requiring that the merchant limitation is included in the payment category before a particular merchant is selected). Patent Owner Appeal Brief, 27-29. Patent Owner argues that the PTAB's construction "gave no weight to the time sequencing required by the claim terms — *i.e.*, that a "single merchant limitation" must exist as part of the "payment category" data structure before any particular merchant is identified." Patent Owner Appeal Brief at 29. Patent Owner further argues that "the PTAB issued claim constructions that encompass (rather than exclude) the pre-identification of a single merchant (or merchant group) at the time a limitation is established within the payment category." Patent Owner Appeal Brief at 27. Patent Owner is simply wrong — the PTAB's construction clearly does include a timing sequence.

Patent Owner appears to ignore or misunderstand the language of the PTAB's claim construction, which explicitly requires a timing sequence where the single merchant limitation is "included in the payment category *prior to* the customer selecting a particular merchant for a transaction." As noted above, this

language is very similar to the Patent Owner's own construction: PTAB's construction includes the temporal language "prior to" whereas Patent Owner's construction includes the temporal language "before." Patent Owner's argument is without merit.

Contrary to the Patent Owner's arguments, the temporal language in the PTAB's claim construction indicates that the PTAB did not find that the claims-at-issue "cover pre-identified merchants." *See* Patent Owner Appeal Brief at 4. In fact, the PTAB's claim constructions for the "single merchant" limitation and "one or more merchant" limitation "exclude pre-identification of the specific / particular merchant." *See* Patent Owner Appeal Brief at 26. Patent Owner has fundamentally misunderstood the PTAB's construction.

Furthermore, Patent Owner is wrong in arguing that the PTAB did not have a basis for construing the "single merchant limitation" phrase as a whole because "[t]his recitation exists nowhere in the intrinsic record. MasterCard did not seek it (since it had offered no cohesive construction for the phrases as a whole)." Patent Owner Appeal Brief at 28. But MasterCard effectively did offer a construction for the "single merchant" limitation as a whole (*i.e.*, "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant"). Indeed, MasterCard offered constructions for

the individual elements of the "single merchant" limitation in its Petitions to the PTAB, including the temporal language discussed above.

- MasterCard's proposed the phrase "prior to any particular merchant being identified" should be construed to mean: "prior to the identification of a particular merchant for the particular transaction(s) or purchase(s) in said payment category." *See* IPR2014-00543 Petition at 14 (Appx2866).

- MasterCard's proposed the phrase "particular merchant" should be construed to mean "a specific merchant with whom a customer can engage in the purchase transaction." *See* IPR2014-00543 Petition at 14 (Appx2866).

In addition, in MasterCard's Replies, MasterCard agreed with the Board's claim constructions in the Decisions to Institute. *See* IPR2014-00543 Reply at 5 (Appx5575). Accordingly, the PTAB was not making "sua sponte" claim constructions (even though to do so would not be improper) but was construing the claim terms in light of the proposed constructions submitted by the parties in the *IPR* proceedings.

e. *PTAB did not Incorporate Cohen into its Claim Construction*

Patent Owner's argument that the PTAB improperly considered Cohen's disclosures in reaching its claim constructions is unfounded. *See* Patent Owner Appeal Brief at 30-31. The PTAB construed "said single merchant limitation" to mean "limiting transactions to a single merchant." IPR2014-00543 Final Decision at 12-13, 17 (Appx12-13, 17). This construction is consistent with Patent Owner's

proposed construction for "said single merchant limitation." IPR2014-00543 Patent Owner Response at 22 (Appx5490).

The PTAB reasoned that "under the broadest reasonable construction, the "single merchant" limitation includes limiting transactions to any chain of stores or group of stores that is identified as a single merchant." *See* Patent Owner Appeal Brief at 31 (*citing* IPR2014-00543 Final Decision at 17). The PTAB was not construing the "single merchant limitation" to mean "any chain of stores or group of stores." The PTAB merely reasoned that under its construction, the scope of the single merchant limitation would include any chain of stores or group of stores.

Further, Patent Owner argued that "merchant" means "someone who buys and sells goods." IPR2014-00543 Patent Owner Response, 16-17 (Appx5484-85). The PTAB's construction is therefore consistent with Patent Owner's proposed construction of "merchant." IPR2014-00543 Final Decision, 17 (Appx17) (*citing* IPR2014-00543 Patent Owner Response, 16-17).

Patent Owner argued that the PTAB included "chain of stores" in its claim construction by citing to this section in the Final Decision: "Patent Owner has not directed us to evidence or provided a rationale to rebut our construction that the chain of stores is the 'single merchant limitation' and the specific stores in the chain of restaurants is the 'particular merchant.'" Patent Owner Appeal Brief, 38 (*citing* IPR2014-00543 Final Decision, 18). Here, Patent Owner mischaracterizes

the PTAB's Final Decision — the PTAB was merely stating that under its construction, the Patent Owner has not provided any evidence to refute the anticipating disclosure in Cohen that the chain of stores is the "single merchant limitation" and the specific stores in the chain of restaurants is the "particular merchant." The PTAB was not modifying its claim construction but merely analyzing the disclosures in Cohen as an anticipating reference in light of its claim construction and pointing out that Patent Owner had failed to rebut the reasoning recited in the Board's Institution Decision.

2. The PTAB Correctly Construed The "One or More Merchants" Limitation

With respect to the PTAB's construction of the "one or more merchants" limitation, again, the PTAB simply made minor modifications to clarify its prior constructions. The claim element is listed below along with the PTAB's construction in the Decision to Institute and the Final Decision.

Claim term	**said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants**
PTAB's construction in Decision to Institute	"any group, category, or type of merchant is included in the payment category prior to the customer selecting a particular merchant for a transaction." IPR2014-00543 Decision to Institute at 9-10 (Appx5335-36).

PTAB's construction in Final Decision	"the merchant transactions are limited to one or more merchants and are included in the payment category prior to the customer selecting a particular merchant for a transaction." IPR2014-00543 Final Decision at 13 (Appx13).

As can be seen in the chart above, any differences between the PTAB's construction in the Decision to Institute and the Final Decision were minor. In addition, for the "one or more merchants" limitation, the PTAB's construction is largely the same as the Patent Owner's own proposed construction. The chart below compares the Patent Owner's proposed construction with the PTAB's construction in the Final Decision.

Claim term	**said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants**
PTAB's construction in Final Decision	"the merchant transactions are limited to one or more merchants and are included in the payment category prior to the customer selecting a particular merchant for a transaction." IPR2014-00543 Final Decision at 13 (Appx13).
Patent Owner's proposed construction	"including the limit in the payment category that limits transactions to one or more merchants before any particular merchant is identified as one of the one or more merchants" Patent Owner Appeal Brief at 26 (Appx5494).

The PTAB's final construction was not significantly different from the Patent Owner's proposed construction. Both constructions require (1) the limitation be included in the payment category; (2) the transactions be limited to one or more merchants; and (3) the limit to be included before the customer

conducts a transaction at a merchant. In any event, Patent Owner has not shown a reason to reverse the PTAB's construction.

Patent Owner argues that the PTAB's decision for the claims with the "one or more merchants" limitation was erroneous for the same reasons it proposes for the "single merchant" limitation. *See* Patent Owner Appeal Brief at 45. However, as explained above, *see supra* Section V.C.1., there is no reason to disturb the PTAB's claim construction.

D. Cohen Anticipates the Single Merchant Limitation

The PTAB reviewed the teachings of the prior art disclosures, the testimony of two experts, and concluded that the prior art rendered the claims unpatentable. Patent Owner has failed to show that the PTAB's findings are unsupported by substantial evidence.

The Patent Owner argues that: "Nowhere does Cohen disclose or suggest that a true "single merchant limitation" exists, with its attendant consumer-friendly flexibility of not being preassigned to a certain store chain." Patent Owner Appeal Brief at 32. Quite to the contrary, as MasterCard argued in its Petitions and at the Oral Hearing, and as MasterCard's expert witness testified, Cohen discloses several examples of a card that is used at a single merchant, without pre-specifying the particular merchant at which the card would be used:

- "These credit cards or credit card numbers are generated for a **one time, single transaction basis**, after which they are disposed of, or

> thrown away. The numbers can be used by a user…to effect a **single transaction**. After a one time use of the credit card number, the number is deactivated by the issuing credit card company such that it is no longer available for use." Cohen at 2:35-43 (Appx3558) (emphasis added) (Appx3561); *see also, e.g.*, '988 Patent IPR - Grimes Declaration at 20 (Appx3741); '486 Patent IPR - Grimes Declaration at 19 (Appx7096).

- "The card could even [be] customized for use in … **a particular chain of stores** (such as … a particular chain of restaurants)." Cohen at 8:32-35 (Appx3561) (emphasis added), *see also* IPR2014-00543 Final Decision at 18; *see also, e.g.*, '988 Patent IPR - Grimes Declaration at 18-19, 55-56 (Appx3739-40, 3776-77); '486 Patent IPR - Grimes Declaration at 18-19, 36 (Appx7095-96; 7113).

- "The card could even [be] customized for use in a **particular store itself** … Any of the features in the present application can also be combined — thus, the employee could be given a card for use in **any computer store** which is good for a **total purchase of up to, for example, $2000 in value**." Cohen at 8:32-39 (Appx3561) (emphasis added); *see also, e.g.*, '988 Patent IPR - Grimes Declaration at 55-56 (3776-77); '486 Patent IPR - Grimes Declaration at 36 (Appx7113).

- "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in **a certain store, or a group of stores or types of stores (e.g. clothing stores)** ..." Cohen at 8:43-47 (Appx3561) (emphasis added); *see also, e.g.*, '988 Patent IPR - Grimes Declaration at 55-56 (3776-77); '486 Patent IPR - Grimes Declaration at 36 (Appx7113).

As demonstrated by the numerous examples above, Cohen discloses multiple examples of a credit card with a single merchant limitation, where a card is first limited to a single merchant (*e.g.*, a computer store) and then later used at a particular merchant related to that single merchant limitation (*e.g.*, Best Buy). In the Final Decisions, the PTAB found it sufficient to discuss the chain of stores example.

The PTAB reasoned that the "single merchant" limitation was anticipated by a chain of stores: "under the broadest reasonable construction, the 'single merchant' limitation includes limiting transactions to any chain of stores or group of stores that is identified as a single merchant." IPR2014-00543 Final Decision at 17 (Appx17). The PTAB explained that "the 'single merchant' includes the particular merchant as a member of the single merchant chain, without identifying the particular merchant." IPR2014-00543 Final Decision at 19 (Appx19). Accordingly, the PTAB found that the "single merchant" was anticipated by a chain of stores, and the "particular merchant" was anticipated by a particular store in that chain.

1. Patent Owner's Argument Is Contradicted By Its Own Admission During The Trial

Patent Owner argues that the chain of stores embodiment does not satisfy the timing sequence of the "single merchant" limitation. Patent Owner states that "[i]t should go without saying that limiting transactions to a 'chain of stores' at a certain point in time forecloses any possibility of the identification of such stores 'as said single merchant' from happening later." Patent Owner Appeal Brief at 31. Patent Owner appears to be arguing that identifying a chain of stores constitutes an identification of a "particular merchant" as claimed in the Patents-at-Issue. *See, e.g.*, '988 Patent, claim 21 (Appx68) ("prior to any particular merchant being identified as said single merchant"). But Patent Owner disclaimed this

interpretation at Trial. In particular, at the Oral Hearing, Patent Owner agreed that in a chain of stores embodiment, each franchisee is a separate merchant.

> Q: What about a license to a franchisee situation, say McDonald's where, you know, it's different franchisees, but, you know, in your view one merchant, but wouldn't each franchisee be a separate merchant?
>
> A: I cannot argue that point, Your Honor. Yes, I do believe on that point.

Oral Hearing at 36:21 to 37:2 (Appx5819-20). Accordingly, identifying a chain of stores does not also constitute an identification of the particular merchant (*i.e.*, the franchisee) at which the credit card is ultimately used.

Patent Owner also admitted at the hearing that "we don't believe that just because you create a limit to [the chain store] Target, that doesn't mean it's an identification because you haven't identified the particular store that you've walked into." Oral Hearing at 34:14-16 (Appx5817). Based on Patent Owner's statements to the PTAB, the Patent Owner agrees that limiting a credit card to a chain of stores does not constitute an identification of a particular merchant, because the limitation does not identify a particular merchant for a transaction. Therefore, based on its own admissions, Patent Owner has no basis to argue that the chain of stores embodiment in Cohen does not satisfy the timing sequence of the "single merchant" limitation.

The Patent Owner's oral admissions concur with the PTAB's findings in the Final Decision: "the "particular merchant" is "the merchant with whom the customer is transacting," and the "single merchant" includes the "particular merchant" in a broad manner without identifying the particular merchant." IPR2014-00543 Final Decision at 17-18 (Appx17-18). Furthermore, designating a chain of stores at which a credit card may be used does not "identify" the particular store in that chain where the credit card is eventually used. IPR2014-00543 Final Decision at 12 (Appx12) ("Accordingly, we determine that the "single merchant" includes the "particular merchant" without identifying the particular merchant.").

The PTAB did not "express profound confusion" over the teachings of Cohen. Patent Owner Appeal Brief at 8. Instead the PTAB merely identified an example in Cohen which anticipated the single merchant limitation. If there is any confusion regarding the issue, it is the result of Patent Owner who is now presenting arguments which contradict his counsel's own statements to the PTAB at the Oral Hearing.

2. Patent Owner Did Not Clearly Disavow Claim Scope That Would Distinguish Cohen

Contrary to its contentions, Patent Owner did not clearly disavow Cohen in the Ex Parte Reexamination. Patent Owner Appeal Brief at 48. Instead Patent Owner merely mischaracterized the disclosures in Cohen and then argued that Cohen did not disclose the single merchant limitation. The PTAB could find no

clear disavowal of Cohen by Patent Owner because there was none. IPR2014-00543 Final Decision at 12, 15 (Appx12, 15).

Patent Owner argues that it disavowed Cohen in "an extended quotation" from the Ex Parte Reexamination of the '988 Patent on pages 49-50 of its Appeal Brief (*citing* Appx2333-2339, '988 Reexamination, Reexam Appeal Brief, filed July 23, 2014). However, in the lengthy quotation provided by Patent Owner, there is no "clear and unmistakable disavowal of the disputed claim language covering anything described in Cohen." *See* Patent Owner Appeal Brief at 48. Instead, Patent Owner argued in the extended quotation that the chain of stores embodiment in Cohen does not satisfy the timing sequence of the single merchant limitation. Patent Owner Appeal Brief at 49 ("Cohen's particular store or chain of stores limitation, by nature of the limitation itself, requires a user to identify a store or chain of stores and communicate that identity to the credit card company."). However, as discussed above, limiting a credit card to a chain of stores does not identify a "particular merchant," as conceded by the Patent Owner at the Oral Hearing.

Thus, contrary to Patent Owner's argument, the PTAB did not commit error when it was unable to find any clear disavowal of Cohen in the in the rambling "extended quotation" cited by Patent Owner. There was no such disavowal.

3. Cohen Discloses Designating the Merchant Limitation Before Identifying the Merchant

Patent Owner's contention that Cohen does not disclose designating the merchant limitation in the payment category before identifying the merchant is meritless. Patent Owner argues that "Cohen's specification disclosure of predetermining that the financial card can be used only for a certain type of store (*e.g.*, computer hardware or software stores) is not a disclosure that limits transactions to either a single merchant or one or more merchants with the limitation being established prior to identification of the merchant or merchants to which the limitation applies." Patent Owner Appeal Brief at 33. Patent Owner further asserts (notably, without citation) that "Cohen identifies the merchant prior to generating the transaction code – an *undisputable fact* about the prior art that was never in question." Patent Owner Appeal Brief at 45 (emphasis supplied). These claims are baseless.

It was certainly not an "undisputed fact" that Cohen identifies the merchant prior to generating the transaction code. Patent Owner Appeal Brief at 31, 45. Patent Owner's argument regarding the "predetermined vendors" cited in the *claims* of Cohen reflects a fundamental misunderstanding of patent law. *See* Patent Owner Appeal Brief at 32, 45. The claims of Cohen are irrelevant to the PTAB's findings in the Final Decisions. The PTAB was not relying on an embodiment recited in the claims of Cohen. Instead, the PTAB was relying on the disclosure in

the specification of Cohen. Patent Owner's argument regarding the "predetermined vendors" is simply irrelevant to the PTAB's Final Decisions.

As discussed above, the PTAB reasoned that "the "particular merchant" is "the merchant with whom the customer is transacting," and the "single merchant" includes the "particular merchant" in a broad manner without identifying the particular merchant." IPR2014-00543 Final Decision at 17-18 (Appx17-18). With respect to the "chain of stores" embodiment in Cohen, the PTAB found that designating a chain of stores at which a credit card may be used does not "identify" the particular store in that chain where the credit card will or must be used. *See* IPR2014-00543 Final Decision at 12 (Appx12). Therefore, Cohen discloses designating the merchant limitation in the payment category before identifying the particular merchant.

In light of the evidence presented to the PTAB, it is clear that there was substantial evidence supporting the PTAB's finding that Cohen disclosed the single merchant limitation. Accordingly, there is no basis for this Court to disturb those findings.

4. Cohen Anticipates Even Under Patent Owner's Proposed Construction

For the reasons set forth above, Cohen discloses both the merchant limitation and the timing sequence in the "single merchant" limitation. *See supra* Sections V.D.1. to V.D.3. By way of example only, Cohen explicitly discloses that

a card can be customized "*for use* in a particular store," "in any computer store," or in a type of store (*e.g.*, a "single merchant"), without identifying that specific merchant, Cohen at 8:34-39, 45-47 (emphasis added), and then later *used* in that store whereupon that specific merchant is identified as the "particular merchant." Accordingly, even under Patent Owner's proposed constructions, Cohen anticipates the "single merchant" limitation.

E. Cohen Anticipates the One or More Merchants Limitation

As discussed above, the PTAB reviewed the teachings of the prior art disclosures, the testimony of two experts, and concluded that the prior art rendered the claims unpatentable. Patent Owner has failed to show that the PTAB's findings are unsupported by substantial evidence. As MasterCard argued in its Petitions and at the Oral Hearing, and as MasterCard's expert witness testified, Cohen discloses several examples of a card used at one or more merchants, without pre-specifying the particular merchant at which the card would be used:

- "A customized credit card could be issued to the user which is only valid for use for that particular type of charge (**computer hardware and software stores**)." Cohen at 8:26-28 (Appx3561) (emphasis added); *see also, e.g.*, '988 Patent IPR - Grimes Declaration at 18-19 (Appx3739-40); '486 Patent IPR - Grimes Declaration at 18-19 (Appx7095-96).

- "The card could even [be] customized for use in **a particular store itself or a particular chain of stores** (such as a particular restaurant, or a particular chain of restaurants)." Cohen at 8:32-35 (Appx3561) (emphasis added); *see also, e.g.*, '988 Patent IPR - Grimes Declaration

at 18-19 (Appx3739-40); '486 Patent IPR - Grimes Declaration at 18-19 (Appx7095-96).

- "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in **a certain store, or group of stores or types of stores (e.g. clothing stores)**, or types of purchases or items." Cohen at 8:43-47 (Appx3561) (emphasis added); *see also*, *e.g.*, '988 Patent IPR - Grimes Declaration at 18-19 (Appx3739-40); '486 Patent IPR - Grimes Declaration at 18-19 (Appx7095-96).

Moreover, Cohen discloses the one or more merchants limitation for all the reasons discussed above for the single merchant limitation. *See supra* Section V.D. Even Patent Owner admitted at the oral hearing that the "one or more merchants" limitation encompasses the "single merchant" limitation, and therefore if Cohen anticipates the "single merchant" limitation, then Cohen must necessarily anticipate the "one or more merchants" limitation as well. Oral Hearing at 56:6-12 (Appx5839).

> Q: [I]f Cohen were to be read on Claim 21 of '988 and if there was a – Cohen was determined to read on a single-merchant limitation, would it necessarily also read on the one or more merchant limitation then, too?
>
> A: Yes, Your Honor.

Oral Hearing at 56:6-12 (Appx5839). Accordingly, the PTAB had more than substantial evidence to conclude that Cohen anticipated the one or more merchants limitation and Patent Owner has failed to show that this Court should disturb the PTAB's finding.

F. Cohen Discloses Designating The Payment Category Before Generating The Transaction Code

The PTAB found that Cohen discloses the process of designating the payment category before generating the transaction code (assuming this sequence is required).[7] Patent Owner argues that the CRU in the NIIRC decision found that Cohen did not disclose designating the payment category before generating the transaction code. Patent Owner Appeal Brief at 22-23. The CRU, however, seemingly based its decision on a single embodiment disclosed in Cohen. *See* NIIRC at 2-3 (Appx2309-2310), *citing* Cohen at 9:13-22 (Appx3562). While the CRU also cited a "telephone call" embodiment in Cohen, it provided no reasoning why this alternative embodiment does not anticipate this feature. *See* NIIRC at 3 (Appx2310), *citing* Cohen at 3:40-55. The CRU overlooked the fact that the sequence feature (designating a payment category before generating a transaction code) is taught by the telephone call embodiment, as well as elsewhere in Cohen, for example:

- "[T]he limited use nature of the card (either in a general sense or the specific limitations) … may … be printed on the card." Cohen at 3:22-26 (Appx3559). Clearly then, the payment category/limited use is determined before the card/code is generated and used.

[7] Patent Owner's argument in support of this requirement was that there was a missing "Oxford comma," that should be read into the specification's description of an exemplary embodiment. Oral Hearing at 43:3-18 (*citing* '988 patent at 6:33-35). Appellee disagrees, and submits that the specification supports a construction not requiring that the transaction code be generated at a certain time.

- "A user dials into her credit card company **before making a transaction**, and … is provided with a disposable or customized number … for a single or limited range use." Cohen at 3:41-47 (emphasis added) (Appx3559).

- "[A] user can indicate **in advance of purchase**, on the telephone call with the credit card company, what the single use or the customized credit card number is to be used for." Cohen 3:49-54 (emphasis added) (Appx3559).

- "[T]he cards can … be **preset for certain uses**" Cohen 3:63-66 (emphasis added) (Appx3559).

The PTAB properly recognized that these embodiments in Cohen disclosed the process of designating the payment category before generating the transaction code. IPR2014-00543 Final Decision at 20-21 (Appx20-21). For example, in the telephone call embodiment, Cohen discloses that a user can dial into her credit card company and request a customized credit card number. Cohen at 3:41-47 (Appx3559) ("A user dials into her credit card company before making a transaction, and … is provided with a disposable or customized number … for a single or limited range use."). As the PTAB correctly noted, Cohen also discloses that on the same call "before making a transaction," and "in advance of purchase," and before the customized number is generated or provided, the user could also indicate what the customized credit card number is to be used for. Cohen 3:49-54 (Appx3559) ("[A] user can indicate in advance of purchase, on the telephone call with the credit card company, what the single use or the customized credit card

number is to be used for."). The PTAB found that "a reading of Cohen that precludes a user from performing both steps in a single call is unreasonable." IPR2014-00543 Final Decision at 20 (Appx20).

Furthermore, Cohen also makes clear that "the cards can … be preset for certain uses," leaving no doubt that the user can indicate before transaction code generation what a customized credit card was to be used for. Cohen 3:63-66. The payment category is either "preset" (*e.g.*, "before the cards [are] ready and waiting") or afterwards. Based on these disclosures in Cohen[8], the PTAB had more than substantial evidence that Cohen anticipated the process of designating the payment category before generating the transaction code. Accordingly, there is no reason to disturb the PTAB's careful findings on this issue.

G. Patent Owner's Reliance on the Reexam Proceedings for the '988 Patent is Unfounded

Patent Owner spends a great deal of its opening Appeal Brief discussing the Ex Parte Reexamination of the '988 Patent. The PTAB was aware of the Ex Parte Reexamination but did not agree with the examiner's decision in its Final Decision. The PTAB decision was made by three Administrative Patent Judges in an

[8] Although not cited in the Board's decision, Cohen's text at 3:23-26 (Appx3559) ("[T]he limited use nature of the card (either in a general sense or the specific limitations) … may … be printed on the card") teaches that the payment category is determined before the code is generated, independently disclosing the sequence limitation.

adversarial proceeding where both MasterCard and Patent Owner had the opportunity to present their arguments. *See* Gerald J. Mossinghoff & Vivian S. Kuo, Post-Grant Review of Patents: Enhancing the Quality of the Fuel of Interest, 85 J. Pat. & Trademark Off. Soc'y 231, 236 n.18 (2003) (proposing a Post-Grant Review procedure as an alternative to ex parte reexamination, noting "an adversarial environment would ensure a greater degree of success in resolving issues of patent validity"). The examiners[9] in the Ex Parte Reexamination did not have the benefit of an adversarial proceeding where they could weigh arguments and counter-arguments from both the petitioner and the patent owner during the course of the proceedings.

In addition, the PTAB had an evidentiary record in the *IPR* proceedings that was not before the examiners in the Ex Parte Reexamination. The three judges in the *IPR* proceedings had the benefit of an Oral Hearing with the opportunity to discuss the Patents-at-Issue with the both MasterCard and Patent Owner. The Oral Hearing allowed both parties to present their arguments and respond to questions that the PTAB raised regarding the Patents-at-Issue. This evidentiary record is particularly important because — as discussed below — Patent Owner made

[9] While Patent Owner cites to seven examiners reviewing the Patents-at-Issue during the original prosecution and reexamination, in fact most of the examiners identified by Patent Owner were only "conferees" during the reexamination and never even provided their full names in support of the review. *See* Patent Owner Brief at 23.

several admissions during the Oral Hearing which demonstrate the contradiction in Patent Owner's arguments. *See supra* Section V.D.1.

Furthermore, the PTAB had access to expert testimony in the *IPR* proceedings that was not available to the examiners in the Ex Parte Reexamination. In particular, MasterCard submitted testimony from Dr. Jack Grimes, an expert in the payment industry, for each of the *IPR* Petitions. *See* Grimes Declaration to the Petitions ("Grimes Declarations") (Appx3720 – Grimes Declaration for '988 Patent) (Appx7076 – Grimes Declaration for '486 Patent). Dr. Grimes has over forty years of experience in the computer and electronics field, including teaching at two universities. Appx3724. Furthermore, Dr. Grimes has experience with developing credit card authorization technologies. *Id*. The PTAB had the benefit of reviewing the declarations from Dr. Grimes, which were not available to the examiners in the Ex Parte Reexamination.

VI. CONCLUSION AND STATEMENT OF RELIEF SOUGHT

The Patent Trial and Appeal Board's claim constructions are fully supported by the evidence presented in the *IPR* proceedings. The Patent Owner provides no basis to contradict this evidence and to reverse the PTAB's claim constructions. Furthermore, there is no basis to find that the PTAB lacked substantial evidence to conclude that the prior art anticipated the claims of the '988 and '486 Patents. This

Court should affirm the PTAB's claim constructions and its finding of invalidity of the '988 and '486 Patents.

Dated: May 31, 2016

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The undersigned hereby certifies that on May 31, 2016, the foregoing Brief for Appellee MasterCard International Incorporated was electronically filed with the clerk of the Federal Circuit using the CM/ECF System, which will serve e-mail notice of such filing on the following attorneys:

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I hereby certify under Fed. R. App. P. 32(a)(7) that this brief is proportionately spaced, has a typeface of 14 points, and contains 12,245 words according to the word count of Microsoft Word, which was used to prepare this brief.

/s/ Robert Scheinfeld
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Nos. 2016-1592, -1593

In the
United States Court of Appeals
for the Federal Circuit

JOHN D'AGOSTINO,

Appellant,

v.

MASTERCARD INTERNATIONAL INCORPORATED,

Appellee.

Appeal from the United States Patent and Trademark Office,
Patent Trial and Appeal Board in Nos. IPR2014-00543 and IPR2014-00544.

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INTRODUCTION

Mr. D'Agostino's principal brief pointed out that the PTAB's *sua sponte* claim construction arose from an improper methodology, contradicts all of the intrinsic evidence, contains logical contradictions on its face, and embodies a "grammatical train wreck." (Blue Br. 4, 37-45). MasterCard responds first by deflecting attention from these infirmities. MasterCard contends waiver. (Red Br. 13-16). But Mr. D'Agostino seeks the same claim scope in this appeal that he sought during original prosecution, during *ex parte* reexamination, and during the underlying PTAB proceedings.

When getting around to the merits, MasterCard next responds that the PTAB's construction is not really so different from Mr. D'Agostino's after all. (Red Br. 22-27). But if that were so, then MasterCard should have no objection to this Court switching out one for the other. MasterCard instead resists evaluating Cohen under the construction Mr. D'Agostino seeks. Even MasterCard must know that a PTAB's construction that permits a "particular merchant" to be pre-"included in" the "merchant limitation" is manifestly the opposite of Mr. D'Agostino's construction that forbids such pre-identification.

Finally, MasterCard contends that Cohen anticipates even under Mr. D'Agostino's contentions. (Red Br. 40-41). That is palpably untrue. Seven expert Examiners knew that to be the case, six from the Central Reexamination Unit

("CRU"). In any case, the *Chenery* doctrine precludes this Court from affirming under Mr. D'Agostino's claim construction, since a circuit court may only affirm an agency decision (if at all) on the grounds it actually stated. (*See* Section V, below).

For the reasons that follow, MasterCard's responsive arguments cannot draw scrutiny away from the mistakes below. Mr. D'Agostino respectfully requests reversal under a corrected claim construction for the "merchant limitation" requirements, or alternatively based on the lack of substantial evidence that Cohen shows the precise sequencing required by the claims that the "payment category" come into existence ***before*** the "transaction code" is generated.

I. MR. D'AGOSTINO HAS CONSISTENTLY SOUGHT THE SAME CLAIM SCOPE

MasterCard's primary argument in defense of the PTAB's final written decisions is to urge this Court to pay no heed to Mr. D'Agostino's arguments. MasterCard alleges waiver. (Red Br. 13-16). It contends that Mr. D'Agostino presses a different claim construction for the "merchant limitation" restrictions on appeal from that which he advanced below.

MasterCard's waiver contentions lack merit. Mr. D'Agostino advances the same claim construction here as he did below. The Blue Brief, at page 26, reproduces his PTAB contentions verbatim:

> **Single Merchant Limitation:** including the limit in the payment category that limits transactions to a single merchant before any specific merchant is identified as the single merchant (Appx5490; Appx8417)
>
> and
>
> **One or More Merchants Limitation:** including the limit in the payment category that limits transactions to one or more merchants before any particular merchant is identified as one of the one or more merchants. (Appx5486).

The Blue Brief later concludes the claim construction analysis by invoking the identical verbiage:

> Thus, the "single merchant limitation" requirement can only be properly construed to mean "including the limit in the payment category that limits transactions to a single merchant before any specific merchant is identified as the single merchant." And the complementary result must hold for those claims that speak in terms of a "one or more" instead of "single merchant limitation." These Patent Owner constructions – endorsed by seven prior Examiners well before three PTAB judges issued their conflicting *sua sponte* constructions – exclude pre-identification of the particular merchant, whether as an individual or as part of a type, group, class or chain.

(Blue Br. 46). This alone disposes of MasterCard's waiver argument, since its premise that Mr. D'Agostino has deviated is untrue.

MasterCard's waiver argument conflates narrative discussion of claim scope with expressions of claim construction. This Court itself commonly issues precise claim construction holdings, while using narrative text to provide explanations of scope under such claim constructions. *E.g.*, *PPC Broadband, Inc. v. Corning Optical Communs. RF, LLC*, 815 F.3d 734, 740-746 (Fed. Cir. 2016); *TriVascular,*

Inc. v. Samuels, 812 F.3d 1056, 1061-1066 (Fed. Cir. 2016); *Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1346-1347 (Fed. Cir. 2016); *Prolitec, Inc. v. ScentAir Techs., Inc.*, 807 F.3d 1353, 1358-1360 (Fed. Cir. 2015). Likewise, this Court's waiver doctrine permits litigants to supply new arguments and support for existing claim constructions, as long as they seek substantially the same scope. *Harris Corp. v. Ericsson Inc.*, 417 F.3d 1241, 1251-52 (Fed. Cir. 2005) (insubstantial scope changes in claim construction contentions allowed if they reflect "the same concept" as advanced below); *Interactive Gift Express, Inc. v. Compuserve Inc.*, 256 F.3d 1323, 1347-48 (Fed. Cir. 2001) ("[Waiver] doctrine has not been invoked, however, to prevent a party from clarifying or defending the original scope of its claim construction."). Tellingly, MasterCard identifies no hypothetical instrumentality that would be within the scope of Mr. D'Agostino's PTAB construction, but outside the scope of his Federal Circuit construction (or vice versa). It therefore fails to show waiver.

MasterCard worries that Mr. D'Agostino's use of a computer variable declaration analogy to help explain the claim construction is new. (Red Br. 15-16). This analogy does appear for the first time on appeal, just like any teaching example advanced on appeal when a decisionmaking body has misunderstood a point so badly that a reviewing court would benefit from a fresh explanation of what was meant all along. MasterCard should not be allowed to invoke waiver,

though, to force the Court to set aside a one-page teaching analogy that might help to clear up PTAB-engendered confusion of the issues. The analogy is not the claim construction contention; it is instead an explanation of scope that this Court is fully capable of giving the weight it believes it deserves.

The analogy and the other clarifying expressions that worry MasterCard, such as "blank placeholder," "data structure," and "instantiation" concepts, simply convey the scope that Mr. D'Agostino has sought all along. For example, the Patent Owner Response for the '486 Patent explained repeatedly that Mr. D'Agostino sought a scope under which pre-identification of a particular merchant ***as the single merchant*** falls outside the claims:

- Patent owner submits that Cohen does not disclose defining/selecting a payment category that includes limiting transactions to a single merchant before any particular merchant is identified as the single merchant . . . . (Appx8401, '486 Patent Owner Response at 1).

- In particular embodiments, the payment category includes a limit that restricts purchases to a single merchant that is not identified before the limit to the single merchant is made. (Appx8403, '486 Patent Owner Response at 3).

- [T]he entire limitation . . . means "including the limit in the payment category that limits transactions to a single merchant before any specific merchant is identified as the single merchant." (Appx8417, '486 Patent Owner Response at 17).

- ***(1) Cohen does not disclose limiting purchases to a single merchant before identifying any particular merchant as the single merchant.*** (Appx8418, '486 Patent Owner Response at 18, emphasis in original).

- [Quoting MasterCard's expert quoting the prosecution history:] This was a clear disavowal of subject matter, and **makes clear that simply pre-identifying a merchant by an MCC code is insufficient to satisfy the element "prior to any particular merchant being identified."** (Appx8422, '486 Patent Owner Response at 22, emphasis in original).

- *(c) Cohen's certain store limit cannot be made before identifying a specific merchant as the certain store*. (Appx8423, '486 Patent Owner Response at 23, emphasis in original).

- *(d) Cohen's group of stores store limit is not a limit to a single merchant and cannot be made before identifying specific stores as members of the group of stores*. (Appx8424, '486 Patent Owner Response at 24, emphasis in original).

- *(f) The ex parte reexamination of the '988 patent confirmed that Cohen does not disclose limiting purchases to a single merchant before any particular merchant is identified as the single merchant*. (Appx8427, '486 Patent Owner Response at 27, emphasis in original).

Similar contentions reside in the Patent Owner's Response supporting the '988 Patent. (Appx5497, Appx5498, Appx5501).

At oral argument before the PTAB, Mr. D'Agostino continued to emphasize a scope that excluded pre-identification of any merchant (or merchants) within the "merchant limitation" claim restrictions:

- What we're saying is, is that the particular merchant is a merchant that becomes identified as said single merchant at a later time down the road. So it is actually tied to the transaction. (Appx5810, Transcript at 27:12-14).

- Then we're further qualifying that that limitation to one or more merchants has to be made before any merchant is identified as, and this is the key, including the said payment category prior to any

> particular merchant being identified as one of said one or more merchants, and that's really key. We can't stop at identify because that refers back to the original limit. (Appx5815, Transcript at 32:15-21).[1]

He also emphasized how wrong it would be to leave out consideration of the words at the end of the limitation, "as said single merchant," and how this signifies that the "particular" merchant eventually becomes the "single" merchant to fill in the "pre-qualified" placeholder:

- [W]hat is a single merchant, what is that in the construct of these claims, and essentially one of the important things that needs to be looked at that I believe is being dropped off the end of Petitioner's argument is that they stop – if you read the claim, it says, defining a payment category, including at least limiting purchases to a single merchant, for at least one transaction, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant. If you look at Petitioner's arguments, they stop at identify. They put a period at identify. They don't relate the particular merchant being the said merchant, single merchant, that is predefined or pre-qualified in the first aspect of it. (Appx5809-10, 26:24-27:10).

[1] As reflected in all of these block quotes, Mr. D'Agostino flagged for special consideration the terminology at the end of the claim limitation – "as said single merchant" – as requiring the "single merchant" to end up (eventually) the same as the "particular merchant," where no merchant is so identified until that happens. The PTAB denied rehearing requests based on a belief that Mr. D'Agostino raised this point for the first time in the rehearing petition, which was not correct. MasterCard asserts that part of Mr. D'Agostino's appeal is an appeal of those denials (thus implicating an "abuse of discretion" standard of review) (Red Br. 1, 9-10, 14, 16), but this, too, is not correct. Mr. D'Agostino does not appeal from the rehearing denial. He appeals from the final written decisions, where review of claim construction is *de novo*. This appeal stands on its own notwithstanding additional later PTAB errors on rehearing not independently appealed.

And though MasterCard argues that Mr. D'Agostino raises a "new claim construction that the 'single merchant' be identical to the 'particular merchant'" (Red Br. 16), that is in fact what he has been arguing all along (*e.g.*, Appx5810, Transcript at 27:12-14), with one caveat: MasterCard expresses Mr. D'Agostino's construction as the single merchant "is" the particular merchant, when in fact the particular merchant "becomes" identical to the single merchant. MasterCard always drops this important timing requirement.

With makeweight waiver allegations out of the way, no barrier exists to block this Court from addressing the merits.

II. MASTERCARD IGNORES THE CONTROLLING INTRINSIC RECORD

Advancing its waiver argument, MasterCard uses much of its brief to explain that the intrinsic record conveys no specific algorithms or data structures that the "payment category" must use. (Red Br. 17-21). But MasterCard sidesteps the deep and robust intrinsic record Mr. D'Agostino cites to support the actual claim construction contention on appeal. As noted already, the current contentions are identical to those before the PTAB. And to support them, Mr. D'Agostino cited numerous excerpts from the specifications, the claims, and the original and reexamination prosecution histories. (Blue Brief at 4-25). MasterCard all but ignores this record.

MasterCard thus offers this Court no substantial rebuttal to Mr. D'Agostino's actual showing on claim construction. All of this intrinsic record leads to a single conclusion – that pre-identification of the "single merchant" or "one or more merchants" falls outside the scope of the claims. As put during oral argument to the PTAB:

- What we're saying is, is that the particular merchant is a merchant that becomes identified as said single merchant at a later time down the road. (Appx5810, Transcript at 27:12-14).

- Then we're further qualifying that that limitation to one or more merchants has to be made before any merchant is identified as, and this is the key, including the said payment category prior to any particular merchant being identified as one of said one or more merchants, and that's really key. (Appx5815, Transcript at 32:15-20).

MasterCard puts most of its claim construction eggs in the wrong argument bucket – searching in vain for algorithms and computer structures that no one said had to be there.

III. THE PTAB'S *SUA SPONTE* CLAIM CONSTRUCTION WAS NO MERE "CLARIFICATION," AND WAS NOT "LARGELY THE SAME" AS MR. D'AGOSTINO'S

MasterCard fares no better in its effort to find intrinsic record support for the PTAB's claim construction.

At the outset, MasterCard contends that the PTAB's claim constructions were neither presented to the parties for the first time in the final written decisions, nor were they *sua sponte*. (Red Br. 22-23, 31-33). MasterCard juxtaposes the

PTAB's institution decision construction with its final written contention construction in tables on pages 22 and 31-32 of the Red Brief.

But this effort proves the opposite. The respective constructions differ greatly. The institution decision recites: "any group, or category, or type of merchant is included in the payment category prior to the customer selecting a particular merchant for a transaction." (Appx5335-36). This is problematic for its own set of reasons, but at least it parses grammatically. Meanwhile, the final written decision changed it (without prompting from MasterCard) to: "the merchant transactions are limited to a single merchant and are included in the payment category prior to the customer selecting a particular merchant for a transaction."

Thus the concept that the PTAB insisted must be "included in the payment category" shifted from "any group, or category, or type of merchant" to "merchant transactions." MasterCard points to no intrinsic record support for this usage of a "payment category." Nor does MasterCard adequately respond to Mr. D'Agostino's critique that the PTAB made a logical contradiction when stating, in the final written decision claim construction, that "'merchant transactions' may be 'included in the payment category prior to the customer selecting a particular merchant for a transaction.'" (*See* Blue Br. 28). A merchant transaction cannot exist before a consumer selects a merchant.

MasterCard's only response is to try to rewrite the words to change the subject of the PTAB phrase from "merchant transactions" to "the limitation." (Red Br. 26-27). But this effort itself underscores just how wrong the PTAB was. If the construction were correct, MasterCard would not try to tinker with it on appeal. For all these reasons, the final construction was indeed *sua sponte*. As this Court just held, even if the Board had issued a correct claim construction, a remand would be necessary to protect Mr. D'Agostino's due process rights. *SAS Inst. v. Complementsoft*, __ F.3d __, 2016 U.S. App. LEXIS 10508 (Fed. Cir. Jun. 10, 2016). But it was not correct. This Court should simply reverse.

MasterCard also advances the unsound argument that "the PTAB's construction is largely the same as Patent Owner's own proposed construction." (Red Br. 25). To make this argument, MasterCard again rewrites the PTAB's construction. Here, MasterCard claims that the PTAB's construction (like Mr. D'Agostino's) requires that "the limitation be included in the payment category," but simple inspection shows that the PTAB instead construed that "merchant transactions" of a single merchant "are included in the payment category." (*See* Red Br. 26, comparison charts). These are different. And MasterCard ignores that Mr. D'Agostino clearly expressed that the scope of his construction (unlike that of the PTAB) excludes pre-identification of who the "single merchant" will be, while

requiring the consumer to designate a "particular merchant" as "said single merchant" at a later time for maximum consumer flexibility.

For similar reasons, MasterCard is also wrong to argue that the PTAB's construction encompasses the correct timing sequence. (Red Br. 27-28). Once again, MasterCard rewrites the PTAB's language to substitute the phrase "the single merchant limitation," for the phrase "the merchant transactions are limited to a single merchant." This tinkering-on-appeal, again, only underscores the error in the PTAB's phrasing. MasterCard also ignores that the PTAB construed "merchant transactions" to be "included in" the payment category "prior to" particular merchant selection. This is the opposite of what the claims actually say. They say (and mean) that a ***limitation*** to a "single merchant" exists before any specific merchant is identified as the single merchant. They do not say (as the PTAB incorrectly construed) that some form of ***content*** populates this limitation (*i.e.*, "merchant transactions") before the customer selects a particular merchant. In short, MasterCard is wrong to argue that the PTAB construed the correct timing sequence or construed the claims consistent with Mr. D'Agostino's contentions.

Finally, MasterCard does not refute Mr. D'Agostino's showing (at Blue Br. 30-31, 37-39) that the PTAB improperly incorporated Cohen as extrinsic evidence while construing the claim language. MasterCard contends that the PTAB "merely reasoned that under its construction, the scope of the single merchant limitation

would include any chain of stores or group of stores." (Red Br. 30). Thus, MasterCard asserts that these sections of the PTAB decisions reflect claim application, not claim construction. MasterCard also contends that Mr. D'Agostino has "mischaracterized" the PTAB to argue otherwise. (Red Br. 30-31). Yet the passages quoted in the Blue Brief referring to the "chain of stores or group of stores" speak for themselves: "we construe" (Appx17, Appx41) and "our construction that the chain of stores is the 'single merchant limitation.'" (Appx18, Appx42). The Board explicitly relied on Cohen for claim construction, not just claim application.

IV. COHEN DOES NOT ANTICIPATE UNDER THE CORRECT CLAIM CONSTRUCTION

In its discussion of the merits of the PTAB's claim application to Cohen, MasterCard tries to revive factual theories not adopted by the PTAB. (Red Br. 33-41). This is improper under the *Chenery* doctrine, as discussed in the next Section. Therefore, this Section will only address MasterCard's arguments as they relate to the claim application to Cohen's "chain of stores." MasterCard does not dispute that this was the only claim application performed in the final written decisions. (Red Br. 34, "In the Final Decisions, the PTAB found it sufficient to discuss the chain of stores example.").

MasterCard correctly notes Mr. D'Agostino's argument for PTAB error: that "identifying a chain of stores constitutes an identification of a 'particular merchant'

as claimed in the Patents-at-Issue," which forecloses any possibility of the identification of such stores "as said single merchant" from happening later. (Red Br. 35, quoting Blue Br. 31). But MasterCard then incorrectly argues, "Patent Owner disclaimed this interpretation at Trial." (Red Br. 35-36). Here, MasterCard quotes a colloquy between a PTAB judge and Mr. D'Agostino's counsel about "a licensee to a franchisee situation, say McDonald's." (Red Br. 36, quoting Appx5819-20, 36:21-37:2).

This "disclaimer at trial" contention fails because the colloquy was ***not*** about a "chain of stores," but arose in the context of its participants (including the PTAB judge) treating a licensee/franchisee scenario is ***different from*** a chain of stores scenario. The colloquy kicked off when Judge Medley asked Mr. Lewellyn, "How do you define merchant?" (Appx5818, 35:17). Mr. Lewellyn answered with an example that identifying "Target" is identifying a merchant, "because you can go on line to Target and make a purchase with Target with regard to what store or local store that you may go into." (Appx5818, 35:18-24). Mr. Lewellyn had previously pointed to unrebutted evidence in the record for "the plain definition that a chain store has one ownership that has multiple locations." (Appx5817, 34:1-6). Discussion ensued about why a limitation to the Target chain would not meet the claim limitations. (Appx5818, 36:1-20).

Only then did MasterCard's quoted colloquy occur, when a PTAB judge departed from the Target chain colloquy that had been occurring for some time, to hypothesize a limitation to a brand (McDonald's) that did not fit the undisputed definition of a chain of stores:

> JUDGE EASTHOM: What about a license to a franchisee situation, say McDonald's where, you know, it's different franchisees, but, you know, in your view one merchant, but wouldn't each franchisee be a separate merchant?
>
> MR. LEWELLYN: I cannot argue that point, Your Honor. Yes, I do believe on that point.

(A5819-20, 36:21-37:2).

The only "admission" that arose out of this colloquy is that no one (including the PTAB judge) treated McDonald's as a "chain of stores," when referring to its licensee/franchisee relationships. Each franchisee would be a "separate merchant." A franchisee might be a single store, or the universe of locations branded "McDonald's" might be a group of stores, but as mentioned before, the PTAB later rejected MasterCard's request for rulings that would apply the claims to Cohen's disclosure of single stores or groups of stores. Mr. D'Agostino's Patent Owner Response included persuasive argument distinguishing these Cohen scenarios, such that only the "chain of stores" scenario remained for the PTAB to consider. (Appx5491-506, Appx8418-27). Therefore, if anything, the colloquy MasterCard cites as an "admission" is inapposite. The understandings

reached in the colloquy actually ***removed*** the McDonald's hypothetical from the scope of the future PTAB rulings concerning a "chain of stores."

MasterCard misconstrues a second part of the oral argument, quoting Mr. D'Agostino's counsel out of context to contend there is another "admission." In discussing Target (which ***is*** a "chain of stores"), Mr. Lewellyn explained, "So we don't believe that just because you create a limit to Target, that doesn't mean it's an identification because you haven't identified the particular store that you've walked into essentially." (Appx5817, 34:14-16). MasterCard misconstrues this triple-negative statement to mean: "the Patent Owner agrees that limiting a credit card to a chain of stores does not constitute an identification of a particular merchant." (Red Br. 36).

The opposite is true. MasterCard omits the explanation Mr. Lewellyn gave just a moment later: "It's our opinion that the particular merchant in that situation is Target. Target is the particular merchant in that situation. It is only one merchant but Target is the particular merchant." (Appx5817, 34:22-25). Mr. Lewellyn was clear, and made no admissions against Mr. D'Agostino's interests. He carefully and patiently explained that setting "Target" as the payment category single merchant limitation pre-identifies "Target" as the "particular merchant," thus

falling outside the scope of the properly construed timing requirement of the claims.[2] (*See also* Appx5499-500, Appx5506, Appx8425-26).

For the foregoing reasons, MasterCard sidesteps the proper comparison of Cohen with the scope of the claims, whether under the PTAB's convoluted ungrammatical construction, or Mr. D'Agostino's correct construction.[3] It offers no basis to support affirmance of the final written decisions.

V. MASTERCARD'S REQUEST FOR FACTUAL FINDINGS ABOUT IGNORED PARTS OF COHEN ON APPEAL IS IMPROPER

In several instances, MasterCard relies on factual content within Cohen beyond the "chain of stores" embodiment that the PTAB relied on exclusively to find invalidity. For example, MasterCard discusses "single transaction" scenarios, "particular store itself" scenarios, and "certain store, or a group of stores or types of stores" scenarios throughout its discussion of Cohen. (Red Br. 33-34, 41-42). Likewise, MasterCard spends a few lines trying to argue that, "under Patent

[2] MasterCard relies on this misidentification of an "admission" to make the argument later in its brief that Mr. D'Agostino's prosecution history disclaimers of Cohen's "chain of stores" during reexamination "mischaracterized" Cohen, and was therefore not really a disclaimer. (Red Br. 37-38). But the discussion above shows that MasterCard has misstated the oral hearing colloquy. MasterCard should take greater care before making untrue suggestions of dishonesty during reexamination prosecution.

[3] MasterCard also argues that Cohen anticipates under Mr. D'Agostino's construction. (Red Br. 40-41). But MasterCard's purported claim application compares the "group of stores" scenario within Cohen, not the "chain of stores" treated by the PTAB. Mr. D'Agostino discusses this MasterCard argument in the next section in the context of improper arguments violating the *Chenery* doctrine.

Owner's proposed constructions, Cohen anticipates the 'single merchant' limitation." (Red Br. 40-41). The Court should disregard these contentions.

Though appellees commonly and correctly seek alternative grounds for affirmance of ***judicial*** outcomes, appellees cannot do so with regard to ***administrative*** outcomes. Under *SEC v. Chenery Corp.*, 318 U.S. 80 (1943), an agency action can be upheld only on the agency's stated grounds. *Id.* at 87 ("The grounds upon which an administrative order must be judged are those upon which the record discloses that its action was based."). While this Court has (in conflict with other circuits) divided questions of law from questions of fact for purposes of *Chenery* (*e.g.*, *In re Comiskey*, 554 F.3d 967, 974 (Fed. Cir. 2009)), so as to reach alternative ***legal*** grounds for affirmance, it has never permitted alternative ***factual*** grounds to support a Patent Office administrative outcome. *See, e.g., NEC Home Elecs., Ltd. v. United States*, 54 F.3d 736, 743 (Fed. Cir. 1995) ("We are powerless to affirm an administrative action on a ground not relied upon by the agency."); *Drumheler v. Dep't of the Army*, 49 F.3d 1566, 1573 (Fed. Cir. 1995) ("We must review the Board's decision on the grounds on which it was made."); *see also In re Thrift*, 298 F.3d 1357,1366-67 (Fed. Cir. 2002) (refusing to consider potential ground for obviousness not relied on by the Board).

Congress did partially overrule *Chenery* in the context of IPRs. The appeals statute now permits any party dissatisfied with a final written decision to appeal

that part that dissatisfies it. 35 U.S.C. § 141(c). But MasterCard did not file its own appeal. It waived consideration in this Court of aspects of Cohen that the PTAB ignored in comparing the claims to Cohen.

Even if the Court took up MasterCard's invitation to review parts of Cohen that did not merit the PTAB's attention, MasterCard's arguments lack merit. For example, the Patent Owner Responses explained at length (and persuasively to the PTAB) why Cohen's "single transaction," "merchant type limit," "type of stores and type of charges limits," "certain store limit," and "group of stores limits" do not fall under the disputed claim "merchant limitation" requirements of the claims. (Appx5492-98, Appx5502-06, Appx8418-25). On appeal, MasterCard's arguments do not coherently suggest any contrary result. For example, though MasterCard now argues in a few lines that Cohen's "group of stores" limitation falls under Mr. D'Agostino's own construction (Red Br. 40-41), that is not so. "[A] group of stores can only be created by identifying the stores that belong to the group. . ., otherwise it could not be identified so that the credit card company can create the limit and restrict purchases to only that identified group of stores." (Appx5498-99; Appx8424-25).[4] Even if it could overcome the *Chenery* obstacle, and its own

[4] Sound reasoning distinguished the other scenarios as well. A "single transaction" limitation cannot fall under the claim scope because every claim states that a payment category must allow more than one transaction. A "certain store" limitation cannot fall under the claim scope, since that pre-identifies the name of the store. A "merchant type" / "type of stores and type of charges" limitation

failure to appeal from the final written decisions, MasterCard has not supported affirmance of the PTAB on alternative grounds.

VI. SUBSTANTIAL EVIDENCE DOES NOT SUPPORT THE DISCLOSURE WITHIN COHEN OF THE CLAIMED SEQUENCING OF WHEN PAYMENT CATEGORIES VERSUS TRANSACTION CODES GET GENERATED

Though Mr. D'Agostino presented an independent basis for reversal (*i.e.*, that Cohen does not disclose the claimed relative timing of payment category versus transaction code generation), MasterCard barely addresses it. All of the portions of Cohen that MasterCard cites to support the finding that it discloses designating the payment category before generating the transaction code are inapposite. (Red Br. 43-45). As explained in the Blue Brief at 52-56, each and every cited portion of Cohen is agnostic about the internal credit card timing procedure: is the number generated before the payment category, or after? Cohen never says, which means that both possibilities are left open and no finding of anticipation can stand. MasterCard has set no obstacle in the way of this Court reversing on this independent ground for lack of substantial evidence of anticipation in the prior art.

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cannot fall under the claim scope, since such a scenario pre-identifies a group of merchants (and was distinguished as such during original prosecution). (Appx5492-98; Appx5502-06; Appx8418-25; Appx1019-21; Appx1295-98; Appx1425-27).

VII. MR. D'AGOSTINO'S APPEAL RAISES SERIOUS QUESTIONS ABOUT PATENTEE HARASSMENT AND PTAB DISREGARD OF CONGRESSIONAL INTENT CONCERNING *EX PARTE* REEXAMINATION OUTCOMES

MasterCard sidesteps the inconsistent reexamination results. It falsely accuses Mr. D'Agostino of making PTAB oral hearing admissions contradicting Mr. D'Agostino's reexamination arguments (a charge refuted in Section IV above). (Red Br. 46-47). MasterCard also ignores the point (made at Blue Br. 29-30) that the PTAB never cited any evidence in its decisions unavailable to the reexamination Examiners. And it also ignores its own admission (pointed out at Blue Br. 25-26) that the eventual PTAB invalidation decision put the USPTO at odds with itself, fomenting "confusion, inconsistency" and the "appearance" that the agency simultaneously held two "diametrically opposed" viewpoints (MasterCard's own words) about the validity of the claims.[5]

MasterCard thus fails to refute that the PTAB's lack of deference to the reexamination outcome itself stands as an independent source of error. *See, e.g.*, 35 U.S.C. §§ 315(d), 325(d). Indeed, protecting patent holders from MasterCard's actions here is exactly how Congress intended *ex parte* reexamination to be used.

[5] At the time MasterCard warned the PTAB about imminent "diametrically opposed" simultaneous outcomes on the same issue within the same administrative agency, it concealed from the PTAB the fact that MasterCard itself was the "third party" behind the request for reexamination. On appeal, it finally admits responsibility. (Red Br. 5, "MasterCard filed a Request for Ex Parte Reexamination . . . .").

Nothing in the passage of the AIA changed Congress's belief that a validity determination during reexamination should protect patentees from later inconsistent AIA proceedings provoked by the same party over the same art on the same grounds.

The legislative history for *ex parte* reexamination confirms that Congress designed it to help patentees immunize their claims against prospective adversarial invalidation. The House Report that preceded the 1980 enactment of *ex parte* reexamination made clear that reexamination was supposed to help patentees overcome MasterCard's tactic of demanding a below-litigation-cost license price, on pain of costly adversarial proceedings (*i.e.*, what Congress called "blackmail"):

> A new patent reexamination procedure is needed to permit the owner of a patent to have the validity of his patent tested in the Patent office where the most expert opinions exist and at a much reduced cost. Patent office reexamination will greatly reduce, if not end, the threat of legal costs being used to "blackmail" such holders into allowing patent infringements or being forced to license their patents for nominal fees.

H.R. Rep 96-1307, 96th Cong., 2d Sess. (1980) (discussing H.R. 6933, which became *ex parte* reexamination).

Meanwhile, Congress during passage of the AIA understood that the Director of the USPTO would implement the AIA in a way that would maintain the integrity of pro-validity *ex parte* reexamination outcomes. Nothing about the AIA's passage suggested that an *ex parte* reexamination certificate, when it

resolved issues in favor of patentability, was to become a nullity or a worthless piece of paper.

Specifically, in the June 1, 2011 House Report to accompany H.R. 1249, the Committee explicitly invoked its understanding that "the USPTO is to address potential abuses . . . under its expanded procedural authority." H.R. Rep. 112-98, at 48. The House Committee had profound concerns that the legislative changes to "current administrative processes" (*i.e.*, conversion of *inter partes* reexamination to IPRs, PGRs and CBMs) should "not be used as tools for harassment" through "repeated litigation and ***administrative*** attacks on the validity of the patent." *Id.* (emphasis added). The House Committee presciently warned that "[d]oing so would frustrate the purpose of the [legislation] as providing quick and cost effective alternatives to litigation [and] would divert resources from the research and development of inventions." *Id.*

The key sponsor of the AIA in the Senate concurred. During the final Senate Debate on the AIA, Senator Pryor confronted the bill's sponsor, Senator Leahy, with his own profound concerns about Section 18 (later known as CBM Review). 157 Cong. Rec. S5428 (Sept. 8, 2011). While the quoted portions below concern CBM Review, their significance also applies to IPRs:

> Mr. PRYOR. . . . I understand that Section 18 is not intended to allow owners of valid patents to be ***harassed*** or subjected to the substantial cost and uncertainty of the untested review process established therein. Yet I have heard concerns that ***Section 18 would allow just***

> ***such harassment because it enables review of patents whose claims have been found valid both through previous reexaminations by the PTO and jury trials***. In my mind, patent claims that have withstood multiple administrative and judiciary reviews should be considered presumptively valid. It would not only be unfair to the patent holder but would be a waste of both PTO's time and resources to subject such presumptively valid patent claims to yet another administrative review. It would be particularly wasteful and injurious to legitimate patent holders if the "transitional review" only considered prior art that was already considered in the previous administrative or judicial proceedings. Can the Chairman enlighten me as to how the PTO will ensure that the "transitional process" does not become a tool to harass owners of valid patents that have survived multiple administrative and judicial reviews"?
>
> Mr. LEAHY. . . . While the program will generally otherwise function on the same terms as other post- grant proceedings, ***the USPTO should implement Section 18 in a manner that avoids attempts to use the transitional program against patent owners in a harassing way***. . . . [T]he rule that bars the PTO from reconsidering issues previously considered during examination ***or in an earlier reexamination*** still applies. While a prior district court decision upholding the validity of a patent may not preclude the PTO from considering the same issues resolved in that proceeding, PTO officials must still consider the court's decision and deviate from its findings only to the extent reasonable. As a result, I expect the USPTO ***would not initiate proceedings*** where the petition does not raise a substantial new question of patentability than those that had ***already been considered by the USPTO in earlier proceedings***. Does that answer my colleague's question?"
>
> Mr. PRYOR. I thank my colleague for that explanation.

(*Id.*, emphasis added). With these understandings of Congress planted firmly in the record, the bill passed.

Thus, independent of all other arguments supporting reversal, this Court should implement the will of Congress and affirm the *ex parte* reexamination

outcome as taking precedence over the "diametrically opposed" PTAB outcome, on the facts of this case.

CONCLUSION

MasterCard offers no justification for taking ***four bites*** at the administrative-challenge apple against Mr. D'Agostino. MasterCard lodged against Mr. D'Agostino a reexamination request, a petition to overturn the request's denial, a CBM review petition, and finally the IPRs here under review. Its arguments on appeal trying to defend the PTAB's IPR claim construction and claim application include malicious and untrue attacks on Mr. D'Agostino's honesty (alleging "mischaracterizations" during reexamination), but lack any substance to justify affirmance. Meanwhile, the very existence of these IPR proceedings has blocked Mr. D'Agostino from lifting the stay and proceeding to trial in the copending district court action.

For the foregoing reasons, Mr. D'Agostino respectfully requests that the Court affirm the reexamination outcome for the '988 patent, reverse the conflicting final written decisions of the PTAB, and hold all challenged claims patentable.

Dated: June 14, 2016

Respectfully submitted,

/s/ Robert P. Greenspoon

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CERTIFICATE OF SERVICE

I, Rose E. Olejniczak, being duly sworn according to law and being over the age of 18, upon my oath deposes and states that:

Counsel Press was retained by Flachsbart & Greenspoon, LLC, Attorneys for Appellant, John D'Agostino, to print this document. I am an employee of Counsel Press.

On June 14, 2016, Flachsbart & Greenspoon authorized me to electronically file the foregoing Reply Brief of Appellant John D'Agostino with the Clerk of the Federal Circuit using the CM/ECF System, which will serve e-mail notice of such filing on the following attorneys:

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Upon acceptance by the Court of the e-filed document, six paper copies of the brief will be filed with the Court, via Federal Express, within the time provided in the Court's rules.

/s/ Rose E. Olejniczak
Rose E. Olejniczak

CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B). This brief contains 5,982 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii) and Fed. Cir. R. 32(b).

The brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because this brief has been prepared in a proportionally-spaced typeface using Microsoft Word 2010 in 14-point Times New Roman type.

/s/ Robert P. Greenspoon
Robert P. Greenspoon

Nos. 2016-1592, -1593

In the
United States Court of Appeals
for the Federal Circuit

JOHN D'AGOSTINO,

Appellant,

v.

MASTERCARD INTERNATIONAL INCORPORATED,

Appellee.

Appeal from the United States Patent and Trademark Office,
Patent Trial and Appeal Board in Nos. IPR2014-00543 and IPR2014-00544.

JOINT APPENDIX

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Paper 28
Entered: August 31, 2015

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASTERCARD INTERNATIONAL INCORPORATED,
Petitioner,

v.

JOHN D'AGOSTINO,
Patent Owner.

Case IPR2014-00543
Patent 8,036,988 C1

Before SALLY C. MEDLEY, KARL D. EASTHOM, and KALYAN K. DESHPANDE, *Administrative Patent Judges*.

DESHPANDE, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 318(a); 37 C.F.R. § 42.73

I. INTRODUCTION

A. Background

MasterCard International Incorporated ("Petitioner") filed a Petition requesting an *inter partes* review of claims 1–38 of U.S. Patent No. 8,036,988 C1[1] (Ex. 1001; "the '988 patent"). Paper 1 ("Pet."). John D'Agostino ("Patent Owner") filed a Preliminary Response. Paper 7 ("Prelim. Resp."). Pursuant to 35 U.S.C. § 314, we instituted *inter partes* review of the '988 patent, on September 4, 2014, as to claims 1–10, 15–25, 27–33, and 35–38 under 35 U.S.C. § 102(e) as anticipated by Cohen,[2] and as to claims 11–14, 26, and 34 under 35 U.S.C. § 103(a) as obvious over Cohen and Musmanno.[3] Paper 8 ("Dec.").

Patent Owner filed a Response (Paper 16, "PO Resp."), and Petitioner filed a Reply (Paper 17, "Pet. Reply"). Petitioner filed a Motion to Exclude evidence (Paper 20, "Mot."), Patent Owner filed an Opposition to Petitioner's Motion to Exclude evidence (Paper 23, "Opp. to Mot."), and Petitioner filed a Reply in support of its Motion to Exclude (Paper 24, "Reply to Opp. to Mot."). Oral hearing was held on May 12, 2015, and the hearing transcript has been entered in the record. Paper 27 ("Tr.").

The Board has jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision is issued pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73. For the reasons discussed below, we are persuaded that Petitioner has shown

[1] A Reexamination Certificate was issued on October 15, 2014.

[2] U.S. Patent No. 6,422,462 B1 (Ex. 1004, "Cohen").

[3] U.S. Patent No. 5,826,243 (Ex. 1006, "Musmanno").

by a preponderance of the evidence that claims 1–38 of the '988 patent are unpatentable. Petitioner's Motion to Exclude is *denied*.

B. Related Proceedings

Petitioner identifies the following related district court proceeding involving the '988 patent and in which Petitioner is a party: *D'Agostino v. MasterCard, Inc.*, No. 1:13–cv–00738 (D. Del. filed Apr. 26, 2013). Pet. 59.

Petitioner also identifies the '988 patent as the subject of *Ex Parte* Reexamination proceeding No. 90/012,517. *Id.* at 1, 59.

In related proceeding IPR2014-00544, Petitioner seeks review of U.S. Patent No. 7,840,486 B2, to which the '988 patent claims priority. *Id.* at 59. Petitioner previously sought a covered business method patent review of the '988 patent in proceeding CBM2013-00057, but we denied institution of review. *Id.* at 11–13; *Mastercard Int'l Inc. v. D'Agostino,* Case CBM2013-00057 (PTAB Mar. 7, 2014)(Paper 9). Specifically, we denied institution of review because Petitioner had not demonstrated that Cohen or Flitcroft qualifies as prior art under Section 18(a)(1)(C) of the AIA,[4] because neither

[4] Under section 18(a)(1)(C) of AIA, a petitioner in a transitional proceeding who challenges the validity of one or more claims in a covered business methods patent on grounds of of unpatentability under §§ 102 and 103 may only support such grounds on the following basis:

> (i) prior art that is described by section 102(a) of such title (as in effect on the day before such effective date); or
>
> (ii) prior art that—
>
> (I) discloses the invention more than 1 year before the date of the application for patent in the United States; and
>
> (II) would be described by section 102(a) of such title (as in effect on the day before the effective date set

Cohen nor Flitcroft was published prior to the effective filing date of the '988 patent. *Mastercard Int'l Inc. v. D'Agostino,* Case CBM2013–00057, slip op. at 13–14 (PTAB Mar. 7, 2014).

C. The '988 Patent

The '988 patent discloses a method and system of performing secure credit card purchases. Ex. 1001, Abstract. The method and system increase overall security by minimizing access to credit card numbers, without having to deviate substantially from existing credit card transaction practices. *Id*. at 1:19–29.

> forth in section 3(n)(1)) if the disclosure has been made by another before the invention thereof by the applicant for patent.

AIA Section 18(a)(1)(C). This section does not apply to an *inter partes* review. 35 U.S.C. § 311(b) allows for a challenge in an *inter partes* review to be raised "on the basis of prior art consisting of patents or printed publications." Accordingly, Cohen and Flitcroft qualify as prior art in an *inter partes* review.

Figure 3 of the '988 patent is reproduced below:

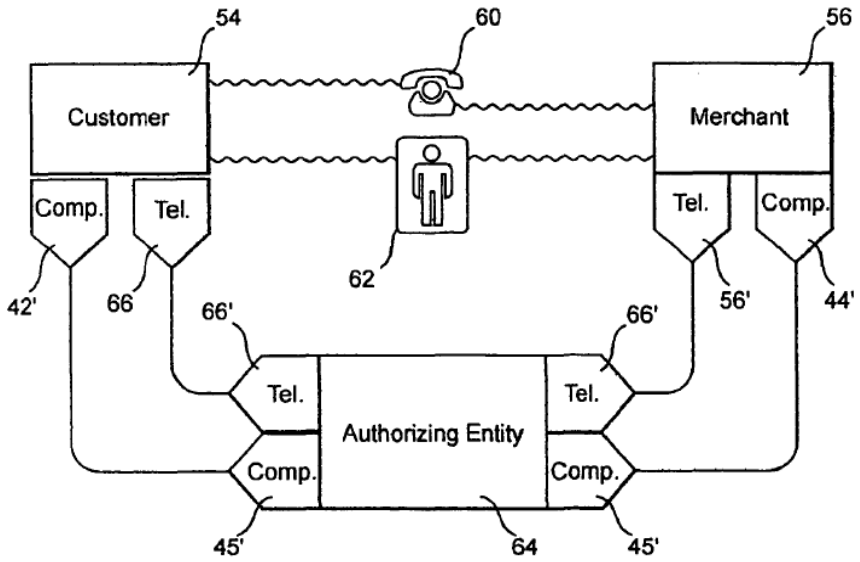

FIG. 3

Figure 3, depicted above, schematically represents a secure credit card transaction system, where the customer-to-merchant contact is by phone or in person. As shown above in Figure 3, customer 54 receives promotional information from merchant 56, either by telephone 60 or in person 62. Ex. 1001, 7:30–35. Customer 54 then contacts custodial authorizing entity 64, by either telephone 66' or computer 45', for authorization. *Id*. at 7:35–43. After confirming authorization, authorizing entity 64 establishes details of the anticipated transaction to determine a payment category, and then issues a transaction code to the customer. *Id.* at 7:43–46. The customer can utilize the transaction code to consummate a transaction within the defined parameters of the payment category, and the merchant can obtain verification and subsequent payment utilizing the transaction code only. *Id*. at 7:46–55.

D. Illustrative Claims

Petitioner challenges claims 1–38 of the '988 patent. Pet. 13–59. Claims 1 and 21 are illustrative of the claims at issue and are reproduced below:

> 1. A method of performing secure credit card purchases, said method comprising:
>
> a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;
>
> b) supplying said custodial authorizing entity with at least account identification data of said customer's account;
>
> c) defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;
>
> d) designating said payment category;
>
> e) generating a transaction code by a processing computer of said custodial authorizing entity, said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category;
>
> f) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters;
>
> g) verifying that said defined purchase parameters are within said designated payment category; and
>
> h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.

Ex. 1001, 8:58–9:19.

> 21. A method for implementing a system for performing secure credit card purchases, the method comprising:

> a) receiving account information from an account holder identifying an account that is used to make credit card purchases;
>
> b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;
>
> c) generating a transaction code utilizing a processing computer of a custodial authorizing entity, said transaction code associated with said account and reflecting at least the limits of said payment category, to make a purchase within said payment category;
>
> d) communicating said transaction code to said account holder;
>
> e) receiving a request to authorize payment for a purchase using said transaction code;
>
> f) authorizing payment for said purchase if said purchase is within said payment category.

Id. at 11:5–27.

E. Claim Construction

The Board interprets claims of an unexpired patent using the broadest reasonable interpretation in light of the specification of the patent in which they appear. *See* 37 C.F.R. § 42.100(b); *see also In re Cuozzo Speed Techs., LLC*, No. 2014-1301, 2015 WL 4097949 at *7–*8 (Fed. Cir. July 8, 2015) ("Congress implicitly approved the broadest reasonable interpretation standard in enacting the AIA," and "the standard was properly adopted by PTO regulation."). Under the broadest reasonable interpretation standard, claim terms are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the entire

disclosure. *In re Translogic Tech. Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

1. "generating a transaction code"

Independent claims 1, 17, 19, 21, and 22 recite "generating a transaction code." Petitioner, in its Petition, proposes this limitation means "creating a code usable as a substitute for a credit card number in a purchase transaction, the number pre-coded to be indicative of a specific credit card account." Pet. 13 (citation omitted). In our Decision to Institute, we construed "generating a transaction code," under the broadest reasonable interpretation, to mean "creating or producing a code that is usable as a substitute for a credit card number in a purchase transaction, the transaction code is pre-coded to be indicative of a specific credit card account." Dec. 6–7.

Patent Owner argues that "generating a transaction code" means "producing a code that is usable in substitution for a credit card number in a purchase transaction, the code being *indicative of a customer account and a payment category*." PO Resp. 4–5 (emphasis added). Patent Owner specifically argues that our construction of "generating a transaction code" is overly narrow by requiring that the transaction code is pre-coded to be indicative of only a "credit card account," and should be broadly construed to include both a credit card account or debit card account. *Id.* at 5–9. Patent Owner additionally argues that the '988 patent claims specifically require that the generated transaction code indicates or reflects the payment category. *Id.* at 8. Petitioner responds that such a broadening of this limitation is unnecessary because the claims limit the scope of this limitation to "credit card" purchases. Pet. Reply 2. Petitioner also responds that claim

differentiation, specifically claim 5, precludes "generating a transaction code" from indicating or reflecting a "payment category." *Id.*

We agree with Petitioner in part and Patent Owner in part. Claim 21 recites "generating a transaction code . . . said transaction code associated with said account and reflecting at least the limits of said payment category." Accordingly, the '988 patent claims require that the "transaction code" is both associated with the account and reflects the limits of the payment category.

Claim 21 additionally recites "[a] method for . . . performing secure credit card purchases" and "identifying an account that is used to make credit card purchases." Accordingly, the '988 patent claims limit the scope of the "account" to "credit card purchases." Based on the foregoing discussion, under the broadest reasonable interpretation and based on the '988 patent claim limitations, we construe "generating a transaction code" to mean "creating or producing a code that is usable as a substitute for a credit card number in a purchase transaction, the transaction code is pre-coded to be indicative of a specific credit card account and reflecting the limits of the payment category."

2. *"defining at least one payment category"*

Independent claim 1 recites "defining at least one payment category." Claim 1 further recites the payment category includes "limiting a number of transactions to one or more merchants" and "said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants." Independent claims 17, 19, 21, and 22 recite similar limitations. Based on the context of the '988 patent specification, and under the broadest

reasonable interpretation, we construed this limitation to mean "specifying the type of limitation (or limitations) that are available to be applied to a transaction code in order to limit its use." Dec. 7–8.

Patent Owner argues that this construction is not the broadest reasonable interpretation, and should be construed to mean "specifying the limit (or limits) of a payment category that are applied to a transaction code in order to limit its use." PO Resp. 9–10. Patent Owner specifically argues that the "defining" is to "mark the limits of the payment category." *Id.* Petitioner argues that Patent Owner's construction fails to give meaning to the term "payment category" and, therefore, Patent Owner's construction is not the broadest reasonable interpretation. Pet. Reply 2–3.

We agree with Petitioner. Patent Owner's proposed construction does not provide any meaning to the term "payment category." As we had determined in our Decision to Institute, the '988 patent does not provide a definition for the term "payment category." Dec. 7–8. Rather, the '988 patent describes a variety of possibilities, for example: 1) "[e]ach of the payment categories are reflective of a different type of payment desired or required to consummate the intended purchase"; 2) payment categories "may include a single transaction involving a specific dollar amount for a purchase within a specific time period"; or, 3) "a single transaction may be involved . . . [with] a maximum limit or a dollar amount." Ex. 1001, 3:53–64. Accordingly, we construe "defining a payment category" to mean "specifying the type of limitation (or limitations) that are available to be applied to a transaction code in order to limit its use." *See* Dec. 7–8; Pet. 13–14.

3. *"particular merchant," "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant," and "one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants"*

We previously construed the term "particular merchant" to mean "the merchant with whom the customer is transacting." Dec. 9. We also construed "[said] single merchant limitation being included in said payment category prior to any particular merchant being identified as [said] single merchant" to mean "any group, category, or type of merchant is included in the payment category prior to the customer selecting a particular merchant for a transaction." *Id.* at 8–10. Patent Owner argues this is not the broadest reasonable interpretation of "particular merchant" and submits that "particular merchant" should be construed to mean "a specific merchant with whom a customer can engage in a purchase transaction." PO Resp. 12–14. Patent Owner does not provide any further explanation for their proposed construction. Petitioner argues that Patent Owner's construction is incorrect because Patent Owner argued "the exact opposite to obtain allowance during the *ex parte* prosecution of the parent '486 patent." Pet. Reply 3 (citing Ex. 1013, 187).

We decline to adopt Patent Owner's construction of "particular merchant." We are not persuaded that adding the term "specific" to our construction alters the meaning of our construction of "particular merchant." Independent claim 21 recites "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." Patent Owner fails to provide us with a meaningful explanation as to how transactions are limited to a single merchant, without

identifying any particular merchant. Accordingly, we determine that the "single merchant" includes the "particular merchant" without identifying the particular merchant. Absent such a relationship between the recited "single merchant" and "particular merchant," the claim language would be indefinite as ambiguously limiting transactions to an unidentified, particular merchant.[5] Accordingly, we maintain our preliminary construction of "particular merchant" to mean "the merchant with whom the customer is transacting."

Patent Owner further argues that the plain and ordinary meaning of "merchant" is "someone who buys and sells goods." PO Resp. 19–22 (citing Ex. 2007 ¶¶ 19, 24; Ex. 2005, 3). We agree with Patent Owner. We note that this broad definition for the term "merchant" is not limited by any business association or corporate relationship such that specific stores within a chain of stores are not individually merchants.

Patent Owner further argues that "'said single merchant limitation' simply refers to and is synonymous with the recited phrase 'limits

---

[5] In addition to a number of other arguments, Patent Owner made this same argument before the Examiner during the Reexamination of the '988 patent:

> Further, the examiner's argument fails because the examiner incorrectly construes "a particular merchant" to apparently mean a merchant that is defined by its location, which is an improper construction. In light of the '988 patent specification, the correct meaning of a particular merchant is simply an identifiable merchant that a customer can use the transaction code with to make purchases.

Reexamination Proceeding No. 90/012,517, App. Br. 18. This argument is not a clear disavowal as it obfuscates any clear meaning of "particular merchant" for the reasons noted.

transactions to a single merchant'" and is not limited to "groups, cateogories, or types of merchants." *Id.* We agree with Patent Owner. Independent claim 21 recites "receiving a request . . . to make a purchase within a payment category that at least *limits* transactions to a single merchant, said single merchant *limitation* being included in said payment category." (Emphasis added). Patent Owner explains that the "single merchant limitation" limits the number of merchants to a single merchant. PO Resp. 19–20; Tr. 32:1–5; Ex. 2007 ¶ 22. Accordingly, we construe the limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant" to mean "the merchant transactions are limited to a single merchant and are included in the payment category prior to the customer selecting a particular merchant for a transaction." Independent claims 1, 17, 19, and 22 recite "one or more merchants" instead of a "single merchant," but otherwise recite similar limitations. Patent Owner acknowledges that the recited "one or more merchants" limitation encompasses the recited "single merchant" limitation. Tr. 56:6–12.

4. "one or more merchants" and "a number of transactions"

Independent claim 1 recites "one or more merchants" and "a number of transactions." Independent claims 17, 19, 21, and 22 recite similar limitations. In CBM2013-00057, we previously construed these limitations of the '988 patent to mean "one or more transactions, where the number of transactions is limited to a finite number" and "one merchant up to a plurality of merchants, where the number of merchants is a finite number," respectively. *Mastercard Int'l Inc. v. D'Agostino*, Case CBM2013-00057, slip op. at 8–9 (PTAB March 7, 2014). Petitioner and Patent Owner accept

these constructions, and we maintain these constructions for this case. Pet. 14; PO Resp. 14–15.

II. ANALYSIS

A. Anticipation of Claims 1–10, 15-25, 27–33, and 35–38 by Cohen

1. Overview

Petitioner contends that claims 1–10, 15–25, 27–33, and 35–38 of the '988 patent are unpatentable under 35 U.S.C. § 102(e) as anticipated by Cohen. Pet. 15–32. Petitioner provides citations for where each claim limitation is described by Cohen. *Id.* We have reviewed the Petition and supporting evidence and find that Petitioner has shown that Cohen anticipates the challenged claims. *See id*.

2. Cohen (Ex. 1004)

Cohen describes a system of disposable credit card numbers, where the credit card numbers are generated for a one-time, single transaction basis, after which they are disposed of, or thrown away. Ex. 1004, 2:35–37. In general, a user dials into her credit card company and provides the ordinary credit card number and verification data, and may further indicate the transaction for which the customized credit card number will be used. *Id.* at 3:41–53. The user then is provided with a disposable or customized credit card number for a single or limited range use. *Id.*

For example, an employee's credit card may be authorized to purchase a computer system, thereby transforming the credit card to a customized credit card that is valid for only that particular type of purchase. *Id.* at 8:24–35. The card also can be customized for use in a particular store or a particular chain of stores. *Id*.

3. Analysis

Petitioner contends that claims 1–10, 15–25, 27–33, and 35–38 of the '988 patent are unpatentable under 35 U.S.C. § 102(e) as anticipated by Cohen. Pet. 15–32. Patent Owner argues that Cohen fails to disclose "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant" and "generating a transaction code utilizing a processing computer of a custodial authorizing entity, said transaction code associated with said account and reflecting at least the limits of said payment category, to make a purchase within said payment category," as recited by claim 21. PO Resp. 24–32. Patent Owner specifically argues that (a) Cohen's merchant type limit fails to disclose "prior to any particular merchant being identified," (b) Cohen's type of store limit and type of charges fail to disclose a "single merchant limitation," (c) Cohen's certain store limit cannot be made before identifying a specific merchant as the certain store, (d) Cohen's group of stores limit is not a limit to a single merchant and cannot be made before identifying specific stores as members of the group of stores, and (e) Cohen's particular chain of stores limit cannot be made before identifying a particular merchant.[6] *Id.* Patent Owner further argues that Cohen fails to disclose

[6] Patent Owner further argues that the Ex Parte Reexamination of the '988 patent confirmed claims 21 and 23–30 because Cohen fails to disclose "single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." PO Resp. 33; *see* Ex. 1021, 4. However, unless Patent Owner made arguments creating a clear disavowal of claim scope that demonstrate how Cohen fails to meet a disputed limitation, we are not bound, under statute or otherwise, by such arguments. Given that this proceeding and the Reexamination proceeding were concurrent, Patent Owner failed in its duty to clarify its

"designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated." *Id.* at 39–45. In other words, Patent Owner argues that Cohen fails to disclose (a) the single merchant limitation, (b) said single merchant limitation is included *prior* to any particular merchant being identified as the single merchant, and (c) designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated.

Although we discuss these arguments with respect to claims 21 and 23–30, Patent Owner presents similar arguments for claims 1–10, 15–20, 22, and 31–38. *See id.* at 34–45. Because claims 1–10, 15–20, 22, and 31–38 recite "one or more merchants," which encompasses claim 21's recitation of "single merchant," we specifically address claim 21. Patent Owner acknowledges that the recited "one or more merchants" limitation encompasses the recited "single merchant" limitation, and, therefore, if Cohen meets the "single merchant" limitations of claims 21 and 23–30,

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claim meaning during the Reexamination proceeding. *See supra*, note 5. We instituted review of the claims prior to the issuance of the Reexamination Certificate. Patent Owner also had an opportunity to amend claims in each proceeding. Moreover, this case involves a different evidentiary record that has been supplemented by arguments and evidence by Petitioner that was not before the Examiner in the Reexamination proceeding. These supplemental arguments and evidence include those impacting the claim construction and application of a "single merchant" to passages in Cohen not discussed in the Reexamination proceeding. *See Tempo Lighting, Inc. v. Tivoli, LLC*, 742 F.3d 973, 978 (Fed. Cir. 2014) (The "court . . . observes that the PTO is under no obligation to accept a claim construction proffered as a prosecution history disclaimer, which generally only binds the patent owner.").

Cohen must necessarily meet the limitations of claims 1–10, 15–20, 22, and 31–38. *See* Tr. 56:6–12.

a. Single Merchant Limitation

Patent Owner argues that Cohen's disclosure of limiting a credit card's use to a type of store, a type of charge, or to a group of stores does not meet the "single merchant" limitation. PO Resp. 28–31. Patent Owner specifically argues that these disclosures by Cohen "cannot meet the disputed claim limitation, because the claim limitation requires a payment category that limits transactions to a [sic] one merchant." *Id.* at 29 (citing Ex. 2007 ¶¶ 46, 47). Patent Owner also argues that Cohen's disclosure of a group of stores does not meet this limitation because the "phrase 'group of stores' itself means more than one merchant.'" *Id.* at 30. Patent Owner further argues that Cohen's particular chain of stores disclosure fails to meet the "single merchant limitation." *Id.* at 31–32. We disagree with Patent Owner. As discussed above, we construe the "single merchant" limitation as limiting transactions to a single merchant. *See supra* Section I.E.3. We further agree with Patent Owner's broad construction of "merchant" to mean "someone who buys and sells goods." *Supra* Section I.E.3. Accordingly, under the broadest reasonable construction, the "single merchant" limitation includes limiting transactions to any chain of stores or group of stores that is identified as a single merchant.

Petitioner contends that Cohen discloses a card that can be customized such that it can be valid only for purchases in a particular store or a particular chain of stores, such as a particular restaurant or a particular chain of restaurants. Pet. Reply 6 (citing Ex. 1004, 8:25–39); Pet. 27 (citing Ex. 1004, 8:25–39); Ex. 1004, 8:25–39. As discussed above, the "particular

merchant" is "the merchant with whom the customer is transacting," and the "single merchant" includes the "particular merchant" in a broad manner without identifying the particular merchant. *See supra* Section I.E.3. The relationship between a chain of stores and a particular store satisfies the relationship between the "single merchant" and the "particular merchant." For example, the "single merchant" could be Target or McDonald's chain of stores, where a "particular merchant" could be a specific Target or McDonald's store, e.g., at a particular location or online. *See* PO Resp. 31–32; Tr. 33:19–37:2. Patent Owner argues that in such a scenario Target or McDonald's is both the "single merchant" limitation and the "particular merchant" (Tr. 33:1–37:5), however, Patent Owner has not directed us to evidence or provided a rationale to rebut our construction that the chain of stores is the "single merchant" and the specific store in the chain of restaurants is the "particular merchant." Accordingly, we find that Cohen discloses the recited "single merchant" limitation.

b. Single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant

Patent Owner argues that Cohen's particular chain of stores requires identifying a specific chain of stores prior to limiting to that particular store or particular chain of stores, and, therefore, does not meet the disputed claim limitation. PO Resp. 29–32. Patent Owner specifically argues that "[i]t is known that a chain of stores consists of series of stores that are owned by one ownership and selling the same goods," and, as such, the particular merchant necessarily must have been identified when the single merchant was identified—contrary to the claim limitation. *See id.* at 31 (citing Ex. 2007 ¶¶ 41–42).

We disagree with Patent Owner. As discussed above, we construed the relationship between the recited "particular merchant" and "single merchant" such that the "single merchant" includes the particular merchant as a member of the single merchant chain, without identifying the particular merchant. *See supra* Section I.E.3. In other words, for example, a "single merchant" can be the chain of stores, whereas the "particular merchant" is a single store of that chain of stores. *Supra* Section I.E.3; *see supra* Section II.A.3.a. Patent Owner agrees that a chain of stores may have single ownership. *See* Tr. 36:21–37:2. Given such single ownership, Patent Owner has not set forth persuasive evidence or rationale to demonstrate that it precludes our construction of a "single merchant" as the chain of stores and a "particular merchant" as a specific store in that chain of stores. *See supra* Section I.E.3; Section II.A.3.a. As discussed above, our claim construction of a "single merchant" as the chain of stores and a "particular merchant" as a specific store in that chain of stores constitutes the broadest reasonable construction of the term. *See id.* Accordingly, we agree with Petitioner that Cohen's disclosure of a credit card that is valid only for purchases in a specific chain of stores, such as a specific chain of restaurants, meets this disputed limitation. Pet. Reply 6 (citing Ex. 1004, 8:25–39); Pet. 27–28.

c. Designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated

Patent Owner argues that independent claims 1, 17, 19, 21, and 22 require that the step of "generating the transaction code" is performed after identifying an account and designating or selecting a payment category. PO Resp. 40–41. Patent Owner argues that although Cohen discloses customizing a credit card, Cohen fails to disclose "defining/selecting

customized use of the credit card number before the credit number is generated." *Id.* at 41–45.

Although the claims require designating/selecting a payment category before the generation of the transaction code, we disagree with Patent Owner that Cohen fails to disclose this limitation. Cohen discloses that "a user dials into her credit card company before making a transaction, and . . . is provided with a disposable or customized number." Ex. 1004, 3:42–49. Cohen also discloses that "a user can indicate in advance of purchase, on the telephone call with the credit card company, what the single use or the customized credit card number is to be used for." *Id.* at 3:50–53. Although Patent Owner argues that Cohen does not explicitly disclose the step of designating or selecting a payment category precedes the generation of a transaction code, we find, based on the record before us, that a person with ordinary skill in the art would have understood from this disclosure that a user dials in to her credit card company and performs both the task of requesting a disposable or customized number and indicates what the customized credit card number is to be used for. Pet. Reply 13–14; Tr. 57:11–21; *see* Ex. 1004, 3:42–53. We find that a reading of Cohen that precludes a user from performing both steps in a single call is unreasonable. *Id*.

Additionally, Cohen discloses that customized cards "can either be preset for certain uses, or the cards can be ready and waiting in the user's office or home for setting to the desired use when the user is ready." Pet. Reply 14–15 (emphasis omitted)(citing Ex. 1004, 3:63–67). With this disclosure, Cohen is setting forth that the customized use for a card can be preset, or set subsequent to the issuance of the card. *Id.* We find that a

person with ordinary skill in the art would have understood that Cohen presents two options, where the preset option limits the customized card prior to the generation of the transaction code. *Id.*

Even further, Cohen discloses that "relevant information (such as the expiration date etc.) can either be printed on the card or verbally transmitted to the user. Likewise, the limited use nature of the card (either in a general sense or the specific limitations), the disposability of the card, the range of dates or validity of the card, etc. may either be printed on the card or transmitted to the user, whether verbally or in writing." Ex. 1004, 3:19–25. Again, we find that a person with ordinary skill in the art would have understood that the designation of the limited use card and the subsequent printing of the limits on the card suggests that the designation of the limits is done prior to the step of generating the transaction code and printing of all of the information on the customized card. Tr. 17:17–22, 51:4–52:19; *see* Ex. 1004, 3:19–25.

4. Conclusion

We have reviewed the Petition and supporting evidence and find that Petitioner has shown that Cohen anticipates all of the limitations of the challenged claims. *See* Pet. 15–32.

B. Obviousness of Claims 11–14, 26, and 34 over Cohen and Musmanno

Petitioner contends that claims 11–14, 26, and 34 would have been obvious over the combination of Cohen and Musmanno. *Id.* at 32–36. Petitioner provides a detailed explanation, including citations to Cohen and Musmanno, as to how the combination of Cohen and Musmanno discloses each limitation of claims 11–14, 26, and 34. *Id.* Petitioner further provides

an articulated reasoning with a rational underpinning to support its conclusion of obviousness. *Id.* For example, Petitioner contends that Cohen discloses claim 1, as discussed above, and further discloses that Cohen's transaction code can be used repeatedly for a range of dates or a series of dates, as recited by claim 11. *Id*. at 34 (citing Ex. 1004, 7:44–62). Petitioner further argues that Musmanno discloses that a predetermined amount from a master account is transferred to at least two subaccounts at a fixed time interval. *Id.* (citing Ex. 1006, 5:53–59). Petitioner also argues that applying the repeating transaction steps of Musmanno to the transaction code generation steps of Cohen would not change the respective functions of each step and such a combination would have yielded the predictable result of the ability to use Cohen's transaction code for repeating transactions for a fixed amount at fixed intervals. *Id.* at 33–34 (citing Ex. 1008 ¶ 69).

Patent Owner argues that claims 11–14, 26, and 34 depend from independent claims 1, 21, and 22, and, therefore, the combination of Cohen and Musmanno fails to disclose dependent claims 11–14, 26, and 34 for the same reasons discussed above with regard to claims 1, 21, and 22. PO Resp. 45. We are not persuaded by Patent Owner's arguments in support of claims 1, 21, and 22 for the reasons discussed above. *See supra* Section II.A.3.

We have reviewed the Petition and supporting evidence and find that Petitioner has shown that the combination of Cohen and Musmanno meets all of the limitations of claims 11–16, 26, and 34. *See* Pet. 32–36. We further agree with the rationale for this combination of references articulated by Petitioner. *See Id*. 32–36 (citing Ex. 1008 ¶ 69).

C. Petitioner's Motion to Exclude

Petitioner moves to exclude the declaration of Mr. Edward L. Gussin, under Federal Rules of Evidence 702, as not qualified as an expert on the subject matter of the '988 patent. Mot. 1. Petitioner argues that both Mr. Gussin and Petitioner's declarant, Dr. Jack D. Grimes, agree that a person with ordinary skill in the art has (1) a bachelor of science degree in electrical engineering or computer science, or the equivalent, and (2) at least three years of experience in "payment card payment technologies, including experience in existing, accepted remote payment card transaction practices" at the time of the invention. *Id.* at 3 (emphasis omitted)(citing Ex. 1008 ¶ 18; Ex. 2007 ¶¶ 22–23). Petitioner argues that "to be qualified as an expert, one must at least be a person of ordinary skill" and there is no evidence that Mr. Gussin has the qualifications he agrees are required for a person with ordinary skill in the art. *Id.* at 1 (citing *Sundance, Inc. v. Demonte Fabricating Ltd*., 550 F.3d 1356, 1363 (Fed. Cir. 2008)). Specifically, Petitioner argues that Mr. Gussin does not have at least three years of experience in the payment industry, card payment technologies, or with remote payment card transaction practices. *Id.* at 4; Reply to Opp. to Mot. 2–4.

Patent Owner argues that Mr. Gussin has (1) a master of science degree in electrical engineering, (2) thirty-nine years of electrical engineering experience developing hardware and software systems related to the present invention, and (3) served as an expert on claim construction issues and is listed as an inventor on software patents. Opp. to Mot. 2–5. Patent Owner asserts that this experience provides Mr. Gussin with the

necessary skill and knowledge relevant to the technology of the '988 patent. *Id.* at 3–4.

We are not persuaded that we should exclude Mr. Gussin's testimony. Mr. Gussin's extensive experience and education certainly qualify him to provide expert testimony in general hardware and software technologies. *See* Ex. 2007, Appendix A. To the extent Mr. Gussin is more familiar with general hardware and software technologies and less familiar with "payment card payment technologies," we weigh Mr. Gussin's testimony accordingly. *See Yorkey v. Diab*, 601 F.3d 1279, 1284 (Fed. Cir. 2010) (holding the Board has discretion to give more weight to one item of evidence over another "unless no reasonable trier of fact could have done so"); *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1368 (Fed. Cir. 2004) ("[T]he Board is entitled to weigh the declarations and conclude that the lack of factual corroboration warrants discounting the opinions expressed in the declarations."). Accordingly, Petitioner's argument goes more to the weight we should accord Mr. Gussin's testimony, rather than its admissibility, and it is within our discretion to assign the appropriate weight to Mr. Gussin's testimony.

Petitioner further moves to exclude Mr. Gussin's declaration because it relies on claim constructions inconsistent with our Decision to Institute. Mot. 5–6; Reply to Opp. to Mot. 4–5. Patent Owner responds that "[n]othing requires Mr. Gussin's testimony to be consistent with or constrained by the Board's preliminary claim constructions." Opp. to Mot. 6. We agree with Patent Owner. Our preliminary Decision is not a final determination. *See* Dec. 20. Accordingly, Patent Owner is permitted to

provide evidence towards claim construction, regardless of our initial determinations.

For the reasons discussed above, we are not persuaded to exclude Mr. Gussin's testimony. Petitioner's Motion to Exclude is *denied*.

III. CONCLUSION

We are persuaded that Petitioner has demonstrated by a preponderance of the evidence that claims 1–38 of the '988 patent are unpatentable.

IV. ORDER

Accordingly, it is hereby:

ORDERED that, based on the grounds under review, claims 1–38 of U.S. Patent No. 8,036,988 have been shown by a preponderance of the evidence to be unpatentable;

FURTHER ORDERED that Petitioner's Motion to Exclude is *denied*; and

FURTHER ORDERED that this is a Final Written Decision of the Board under 35 U.S.C. § 318(a), and parties to the proceeding seeking judicial review of this decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

IPR2014-00543
Patent No. 8,036,988 C1

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Paper 22
Entered: August 31, 2015

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASTERCARD INTERNATIONAL INCORPORATED,
Petitioner,

v.

JOHN D'AGOSTINO,
Patent Owner.

Case IPR2014-00544
Patent 7,840,486 B2

Before SALLY C. MEDLEY, KARL D. EASTHOM, and KALYAN K. DESHPANDE, *Administrative Patent Judges*.

DESHPANDE, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 318(a); 37 C.F.R. § 42.73

I. INTRODUCTION

A. Background

MasterCard International Incorporated ("Petitioner") filed a Petition requesting an *inter partes* review of claims 1–30 of U.S. Patent No. 7,840,486 B2 (Ex. 1001; "the '486 patent"). Paper 1 ("Pet."). John D'Agostino ("Patent Owner") filed a Preliminary Response. Paper 6 ("Prelim. Resp."). Pursuant to 35 U.S.C. § 314, we instituted *inter partes* review of the '486 patent, on September 4, 2014, as to claims 1–15 and 22–30 under 35 U.S.C. § 102(e) as anticipated by Cohen,[1] and as to claims 16–21 under 35 U.S.C. § 103(a) as obvious over Cohen and Musmanno.[2] Paper 7 ("Dec.").

Patent Owner filed a Response (Paper 11, "PO Resp."), and Petitioner filed a Reply (Paper 12, "Pet. Reply"). Petitioner filed a Motion to Exclude evidence (Paper 14, "Mot."), Patent Owner filed an Opposition to Petitioner's Motion to Exclude evidence (Paper 17, "Opp. to Mot."), and Petitioner filed a Reply in support of its Motion to Exclude (Paper 18, "Reply to Opp. to Mot."). Oral hearing was held on May 12, 2015, and the hearing transcript has been entered in the record. Paper 21 ("Tr.").

The Board has jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision is issued pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73. For the reasons discussed below, we are persuaded that Petitioner has shown by a preponderance of the evidence that claims 1–30 of the '486 patent are unpatentable. Petitioner's Motion to Exclude is *denied*.

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[1] U.S. Patent No. 6,422,462 B1 (Ex. 1004, "Cohen").

[2] U.S. Patent No. 5,826,243 (Ex. 1006, "Musmanno").

B. Related Proceedings

Petitioner identifies the following related district court proceeding involving the '486 patent and in which Petitioner is a party: *D'Agostino v. MasterCard, Inc.*, No. 1:13–cv–00738 (D. Del. filed Apr. 26, 2013). Pet. 58.

In related proceeding IPR2014-00543, Petitioner seeks review of U.S. Patent No. 8,036,988 C1 ("the '988 patent"), which claims priority to the '486 patent. *Id.* Petitioner also identifies the '988 patent as the subject of *Ex Parte* Reexamination proceeding No. 90/012,517. *Id.* at 6–13.

Petitioner previously sought a covered business method patent review of the '486 patent in proceeding CBM2013–00058, but we had denied institution of review. *Id.* at 13–14; *Mastercard Int'l Inc. v. D'Agostino,* Case CBM2013-00058 (PTAB Mar. 7, 2014) (Paper 10). Specifically, we denied institution of review because Petitioner had not demonstrated that Cohen or Flitcroft qualifies as prior art under Section 18(a)(1)(C) of the AIA,[3] because

[3] Under section 18(a)(1)(C) of AIA, a petitioner in a transitional proceeding who challenges the validity of one or more claims in a covered business methods patent on grounds of of unpatentability under §§ 102 and 103 may only support such grounds on the following basis:

> (i) prior art that is described by section 102(a) of such title (as in effect on the day before such effective date); or
>
> (ii) prior art that—
>
> (I) discloses the invention more than 1 year before the date of the application for patent in the United States; and
>
> (II) would be described by section 102(a) of such title (as in effect on the day before the effective date set forth in section 3(n)(1)) if the disclosure has been made by another before the invention thereof by the applicant for patent.

neither Cohen nor Flitcroft was published prior to the effective filing date of the '486 patent. *Mastercard Int'l Inc. v. D'Agostino,* Case CBM2013-00058, slip op. at 8–9 (PTAB Mar. 7, 2014).

C. The '486 Patent

The '486 patent discloses a method and system of performing secure credit card purchases. Ex. 1001, Abstract. The method and system increase overall security by minimizing access to credit card numbers, without having to deviate substantially from existing credit card transaction practices. *Id*. at 1:13–23.

AIA Section 18(a)(1)(C). This section does not apply to an *inter partes* review. 35 U.S.C. § 311(b) allows for a challenge in an *inter partes* review to be raised "on the basis of prior art consisting of patents or printed publications." Accordingly, Cohen and Flitcroft qualify as prior art in an *inter partes* review.

Figure 3 of the '486 patent follows:

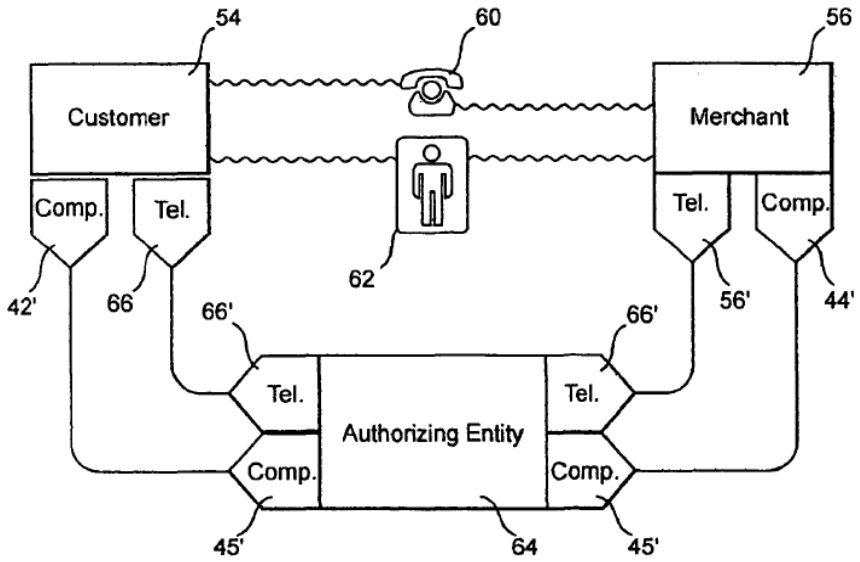

FIG. 3

Figure 3, depicted above, schematically represents a secure credit card transaction system, where the customer-to-merchant contact is by phone or in person. As shown above in Figure 3, customer 54 receives promotional information from merchant 56, either by telephone 60 or in person 62. Ex. 1001, 7:25–30. Customer 54 then contacts custodial authorizing entity 64, by either telephone 66' or computer 45', for authorization. *Id*. at 7:30–38. After confirming authorization, authorizing entity 64 establishes details of the anticipated transaction to determine a payment category, and then issues a transaction code to the customer. *Id.* at 7:38–41. The customer can utilize the transaction code to consummate a transaction within the defined parameters of the payment category, and the merchant can obtain verification and subsequent payment utilizing the transaction code only. *Id*. at 7:41–50.

D. Illustrative Claim

Petitioner challenges claims 1–30 of the '486 patent. Pet. 17–58. Claim 1 is illustrative of the claims at issue and is reproduced below:

> 1. A method of performing secure credit card purchases, said method comprising:
>
> a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;
>
> b) supplying said custodial authorizing entity with at least account identification data of said customer's account;
>
> c) defining a payment category including at least limiting purchases to a single merchant for at least one transaction, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;
>
> d) designating said payment category thereby designating at least that transaction code generated in accordance with said payment category can be used by only one merchant;
>
> e) generating a transaction code by a processing computer of said custodial authorizing entity, said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category;
>
> f) communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters;
>
> g) verifying that said defined purchase parameters are within said designated payment category; and
>
> h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.

Ex. 1001, 8:52–9:14.

E. Claim Construction

The Board interprets claims of an unexpired patent using the broadest reasonable interpretation in light of the specification of the patent in which

they appear. *See* 37 C.F.R. § 42.100(b); *see also In re Cuozzo Speed Techs., LLC*, No. 2014-1301, 2015 WL 4097949 at *7–*8 (Fed. Cir. July 8, 2015) ("Congress implicitly approved the broadest reasonable interpretation standard in enacting the AIA," and "the standard was properly adopted by PTO regulation."). Under the broadest reasonable interpretation standard, claim terms are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the entire disclosure. *In re Translogic Tech. Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

1. "generating a transaction code"

Independent claims 1, 24, 25, and 29 recite "generating a transaction code." Petitioner, in its Petition, proposes this limitation means "creating a code usable as a substitute for a credit card number in a purchase transaction, the number pre–coded to be indicative of a specific credit card account." Pet. 15 (citation omitted). In our Decision to Institute, we construed "generating a transaction code," under the broadest reasonable construction, to mean "creating or producing a code that is usable as a substitute for a credit card number in a purchase transaction, the transaction code is pre-coded to be indicative of a specific credit card account." Dec. 6–7.

Patent Owner argues that "generating a transaction code" means "producing a code that is usable in substitution for a credit card number in a purchase transaction, the code being *indicative of a customer account and a payment category*." PO Resp. 4–5 (emphasis added). Patent Owner specifically argues that our construction of "generating a transaction code" is overly narrow by requiring that the transaction code is pre-coded to be

indicative of only a "credit card account," and should be broadly construed to include both a credit card account or debit card account. *Id.* at 5–8. Patent Owner additionally argues that the '486 patent claims specifically require that the generated transaction code indicates or reflects the payment category. *Id.* at 6–7. Petitioner responds that such a broadening of this limitation is unnecessary because the claims limit the scope of this limitation to "credit card" purchases. Pet. Reply 2. Petitioner also responds that claim differentiation, specifically claim 8, precludes "generating a transaction code" from indicating or reflecting a "payment category." *Id.*

We agree with Petitioner. Claim 1 recites "generating a transaction code . . . said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category." In contrast to the '988 patent under review in IPR2014-00543, the claims do not require the "transaction code [to be] associated with said account." Accordingly, the '486 patent claims and specification do not require that the "transaction code" is associated with the account and we decline to import such a limitation in to its meaning.

Claim 1 additionally recites "[a] method of . . . performing secure credit card purchases" and "a customer's account that is used to make credit card purchases." Accordingly, the '486 patent claims limit the scope of the "account" to "credit card purchases." Based on the foregoing discussion, under the broadest reasonable interpretation and based on the '486 patent claim limitations, we construe "generating a transaction code to mean "creating or producing a code that is usable as a substitute for a credit card number in a purchase transaction, the transaction code is reflecting the limits of the payment category."

2. "defining at least one payment category"

Independent claim 1 recites "defining a payment category." Claim 1 further recites the payment category includes "limiting purchases to a single merchant" and "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." Independent claims 24, 25, and 29 recite similar limitations. Based on the context of the '486 patent specification, and under the broadest reasonable interpretation, we construed this limitation to mean "specifying the type of limitation (or limitations) that are available to be applied to a transaction code in order to limit its use." Dec. 7–8.

Patent Owner argues that this construction is not the broadest reasonable interpretation, and should be construed to mean "specifying the limit (or limits) of a payment category that are applied to a transaction code in order to limit its use." PO Resp. 9–10. Patent Owner specifically argues that the "defining" is to "mark the limits of the payment category." *Id.* Petitioner argues that Patent Owner's construction fails to give meaning to the term "payment category" and, therefore, Patent Owner's construction is not the broadest reasonable interpretation. Pet. Reply 2–3.

We agree with Petitioner. Patent Owner's proposed construction does not provide any meaning to the term "payment category." As we had determined in our Decision to Institute, the '486 patent does not provide a definition for the term "payment category." Dec. 6–7. Rather, the '486 patent describes a variety of possibilities, for example: 1) "[e]ach of the payment categories are reflective of a different type of payment desired or required to consummate the intended purchase"; 2) payment categories "may include a single transaction involving a specific dollar amount for a purchase

within a specific time period"; or, 3) "a single transaction may be involved . . . [with] a maximum limit or a dollar amount." Ex. 1001, 3:48–59. Accordingly, we construe "defining a payment category" to mean "specifying the type of limitation (or limitations) that are available to be applied to a transaction code in order to limit its use." *See* Dec. 6–7; Pet. 15.

3. "particular merchant" and "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant"

We previously construed the term "particular merchant" to mean "the merchant with whom the customer is transacting." Dec. 8. We also construed "[said] single merchant limitation being included in said payment category prior to any particular merchant being identified as [said] single merchant" to mean "any group, category, or type of merchant is included in the payment category prior to the customer selecting a particular merchant for a transaction." *Id.* at 7–8. Patent Owner argues this is not the broadest reasonable interpretation of "particular merchant" and submits that "particular merchant" should be construed to mean "a specific merchant with whom a customer can engage in a purchase transaction." PO Resp. 11–13. Patent Owner does not provide any further explanation for their proposed construction. Petitioner argues that Patent Owner's construction is incorrect because Patent Owner argued "the exact opposite to obtain allowance during the *ex parte* prosecution of the parent '486 patent." Pet. Reply 3 (citing Ex. 1013, 187).

We decline to adopt Patent Owner's construction of "particular merchant." We are not persuaded that adding the term "specific" to our construction alters the meaning of our construction of "particular merchant." Independent claim 1 recites "said single merchant limitation being included

in said payment category prior to any particular merchant being identified as said single merchant." Patent Owner fails to provide us with a meaningful explanation as to how transactions are limited to a single merchant, without identifying any particular merchant.[4] Accordingly, we determine that the "single merchant" includes the "particular merchant" without identifying the particular merchant. Absent such a relationship, the claim language would be indefinite as ambiguously limiting transactions to an unidentified particular merchant. Accordingly, we maintain our construction of "particular merchant" to mean "the merchant with whom the customer is transacting."

Patent Owner further argues that the plain and ordinary meaning of "merchant" is "someone who buys and sells goods." PO Resp. 15 (citing Ex. 2007 ¶ 17; Ex. 2005, 3). We agree with Patent Owner. We note that this broad definition for "merchant" is not limited by any business association or corporate relationship.

Patent Owner further argues that "'said single merchant limitation' simply refers to and is synonymous with the recited phrase 'limiting

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[4] In addition to a number of other arguments, Patent Owner made this same argument before the Examiner during the Reexamination of the '988 patent:

> Further, the examiner's argument fails because the examiner incorrectly construes "a particular merchant" to apparently mean a merchant that is defined by its location, which is an improper construction. In light of the '988 patent specification, the correct meaning of a particular merchant is simply an identifiable merchant that a customer can use the transaction code with to make purchases.

Reexamination Proceeding No. 90/012,517, App. Br. 18. This argument is not a clear disavowal as it obfuscates any clear meaning of "particular merchant" for the reasons noted.

purchases to a single merchant'" and is not limited to "groups, categories, or types of merchants." *Id.* We agree with Patent Owner. Independent claim 1 recites "defining a payment category including at least *limiting* purchases to a single merchant for at least one transaction, said single merchant *limitation* being included in said payment category." (Emphasis added). Patent Owner explained that the "single merchant limitation" limits the number of merchants to a single merchant. PO Resp. 14; Tr. 32:1–5; Ex. 2007 ¶ 15. Accordingly, we construe the limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant" to mean "the merchant transactions are limited to a single merchant and are included in the payment category prior to the customer selecting a particular merchant for a transaction."

II. ANALYSIS[5]

A. Anticipation of Claims 1–15 and 22–30 by Cohen

1. Overview

Petitioner contends that claims 1–15 and 22–30 of the '486 patent are unpatentable under 35 U.S.C. § 102(e) as anticipated by Cohen. Pet. 17–31. Petitioner provides citations for where each claim limitation is described by

[5] Petitioner states that in the '486 patent prosecution history, Patent Owner "disclaimed the ability to enforce the '988 patent beyond the term of the '486 Patent – conceding that the claims of the '486 patent and those of the '988 patent are not patentably distinct from each other" because Patent Owner filed a Terminal Disclaimer. Pet. 6; *see* Ex. 1013, 130–133. Patent Owner argues that the filing of a terminal disclaimer serves the statutory function of removing a double patenting rejection and is not an acquiescence as to the merits of a double patenting rejection. PO Resp. 33–34 (citing *Quad Envtl. Techs. Corp. v. Union Sanitary Dist.*, 946 F.2d 870, 874 (Fed. Cir. 1991)). We, however, do not reach this argument because it is not material to the challenges asserted against the claims in the '486 patent.

Cohen. *Id.* We have reviewed the Petition and supporting evidence and find that Petitioner has shown that Cohen anticipates the challenged claims. *See id.*

2. Cohen (Ex. 1004)

Cohen describes a system of disposable credit card numbers, where the credit card numbers are generated for a one-time, single transaction basis, after which they are disposed of, or thrown away. Ex. 1004, 2:35–37. In general, a user dials into her credit card company and provides the ordinary credit card number and verification data, and may further indicate the transaction for which the customized credit card number will be used. *Id.* at 3:41–53. The user then is provided with a disposable or customized credit card number for a single or limited range use. *Id.*

For example, an employee's credit card may be authorized to purchase a computer system, thereby transforming the credit card to a customized credit card that is valid for only that particular type of purchase. *Id.* at 8:24–35. The card also can be customized for use in a particular store or a particular chain of stores. *Id*.

3. Analysis

Petitioner contends that claims 1–15 and 22–30 of the '486 patent are unpatentable under 35 U.S.C. § 102(e) as anticipated by Cohen. Pet. 17–31. Patent Owner argues that Cohen fails to disclose "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant," as recited by claim 1. PO Resp. 18–26. Patent Owner specifically argues that (a) Cohen's merchant type limit fails to disclose "prior to any particular merchant being identified," (b) Cohen's type of store limit and type of charges fail to

disclose a "single merchant limitation," (c) Cohen's certain store limit cannot be made before identifying a specific merchant as the certain store, (d) Cohen's group of stores limit is not a limit to a single merchant and cannot be made before identifying specific stores as members of the group of stores, and (e) Cohen's particular chain of stores limit cannot be made before identifying a particular merchant.[6] *Id.* Patent Owner further argues that Cohen fails to disclose "designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated." *Id.* at 28–32. In other words, Patent Owner argues that Cohen fails to disclose (a) the single merchant limitation, (b) said single merchant

[6] Patent Owner further argues that the Ex Parte Reexamination of the '988 patent confirmed claims 21 and 23–30 because Cohen fails to disclose "single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." PO Resp. 32; *see* Ex. 2002, 4. However, unless Patent Owner made arguments creating a clear disavowal of claim scope that demonstrates how Cohen fails to meet a disputed limitation, we are not bound, under statute or otherwise, by such arguments. Given that this proceeding and the Reexamination proceeding were concurrent, Patent Owner failed in its duty to clarify its claim meaning during the Reexamination proceeding. *See supra*, note 4. We instituted review of the claims prior to the issuance of the Reexamination Certificate. Patent Owner also had an opportunity to amend claims in each proceeding. Moreover, this case involves a different evidentiary record that has been supplemented by arguments and evidence by Petitioner that was not before the Examiner in the Reexamination proceeding. These supplemental arguments and evidence include those impacting the claim construction and application of a "single merchant" to passages in Cohen not discussed in the Reexamination proceeding. *See Tempo Lighting, Inc. v. Tivoli, LLC*, 742 F.3d 973, 978 (Fed. Cir. 2014) (The "court . . . observes that the PTO is under no obligation to accept a claim construction proffered as a prosecution history disclaimer, which generally only binds the patent owner.").

limitation is included *prior* to any particular merchant being identified as the single merchant, and (c) designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated.

a. Single Merchant Limitation

Patent Owner argues that Cohen's disclosure of limiting a credit card's use to a type of store, a type of charge, or to a group of stores does not meet the "single merchant" limitation. PO Resp. 21–25. Patent Owner specifically argues that Cohen "cannot meet the disputed claim limitation, because the claim limitation requires a payment category that limits transactions to only a [sic] one merchant." *Id.* at 23 (citing Ex. 2007 ¶¶ 39, 40). Patent Owner also argues that Cohen's disclosure of a group of stores does not meet this limitation because the "phrase 'group of stores' itself means more than one store.'" *Id.* at 24–25. Patent Owner further argues that Cohen's particular chain of stores disclosure fails to meet the "single merchant" limitation. *Id.* at 25–26. We disagree with Patent Owner. As discussed above, we construe the "single merchant" limitation as limiting purchase to a single merchant. *See supra* Section I.E.3. We further agree with Patent Owner's broad construction of "merchant" to mean "someone who buys and sells goods." *Supra* Section I.E.3. Accordingly, under the broadest reasonable construction, the "single merchant" limitation includes limiting transactions to any chain of stores or group of stores that is identified as a single merchant.

Petitioner contends that Cohen discloses a card that can be customized such that it can be valid only for purchases in a particular store or a particular chain of stores, such as a particular restaurant or a particular chain

of restaurants. Pet. Reply 6 (citing Ex. 1004, 8:25–39); Pet. 27–28 (citing Ex. 1004, 8:25–39); Ex. 1004, 8:25–39. As discussed above, the "particular merchant" is "the merchant with whom the customer is transacting," and the "single merchant" includes the "particular merchant" in a broad manner without identifying the particular merchant. *See supra* Section I.E.3. The relationship between a chain of stores and a particular store satisfies the relationship between the "single merchant" and the "particular merchant." For example, the "single merchant" could be Target or McDonald's chain of stores, where a "particular merchant" could be a specific Target or McDonald's store, e.g., at a particular location or online. *See* PO Resp. 25–26; Tr. 33:19–37:2. Patent Owner argues that in such a scenario Target or McDonald's is both the "single merchant" and the "particular merchant" (Tr. 33:1–37:5), however, Patent Owner has not directed us to evidence or provided a rationale to rebut our construction that the chain of stores is the "single merchant limitation" and the specific store in the chain of restaurants is the "particular merchant." Accordingly, we find that Cohen discloses the recited "single merchant" limitation.

b. Single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant

Patent Owner argues that Cohen's particular chain of stores requires identifying a specific chain of stores prior to limiting to that particular store or particular chain of stores, and, therefore, does not meet the disputed claim limitation. PO Resp. 25–26. Patent Owner specifically argues that "[i]t is known that a chain of stores consists of series of stores selling the same goods and that are owned by one ownership," and, as such, the particular merchant necessarily must have been identified when the single merchant

was identified—contrary to the claim limitation. *See id.* at 25 (citing Ex. 2007 ¶¶ 34–35).

We disagree with Patent Owner. As discussed above, we construe the relationship between the recited "particular merchant" and "single merchant" such that the "single merchant" includes the particular merchant as a member of the single merchant chain, without identifying the particular merchant. *See supra* Section I.E.3. In other words, for example, a "single merchant" can be the chain of stores, whereas the "particular merchant" is a single store of that chain of stores. *Supra* Section I.E.3; *see supra* Section II.A.3.a. Patent Owner agrees that a chain of stores may have single ownership. *See* Tr. 36:21–37:2. Given such single ownership, Patent Owner has not set forth persuasive evidence or rationale to demonstrate that it precludes our construction of a "single merchant" as the chain of stores and a "particular merchant" as a specific store in that chain of stores. *See supra* Section I.E.3; Section II.A.3.a. As discussed above, our claim construction of a "single merchant" as the chain of stores and a "particular merchant" as a specific store in that chain of stores constitutes the broadest reasonable construction of the term. *See id*. Accordingly, we agree with Petitioner that Cohen's disclosure of a credit card that is valid only for purchases in a specific chain of stores, such as a specific chain of restaurants, meets this disputed limitation. Pet. Reply 6 (citing Ex. 1004, 8:25–39); Pet. 19.

c. Designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated

Patent Owner argues that independent claims 1, 24, 25, and 29 require that the step of "generating the transaction code" is performed after identifying an account and designating or selecting a payment category. PO

Resp. 28–29. Patent Owner argues that although Cohen discloses customizing a credit card, Cohen fails to disclose "defining/selecting customized use of the credit card number before the credit number is generated." *Id.* at 29–32.

Although the claims require designating/selecting a payment category before the generation of the transaction code, we disagree with Patent Owner that Cohen fails to disclose this limitation. Cohen discloses that "a user dials into her credit card company before making a transaction, and . . . is provided with a disposable or customized number." Ex. 1004, 3:42–49. Cohen also discloses that "a user can indicate in advance of purchase, on the telephone call with the credit card company, what the single use or the customized credit card number is to be used for." *Id.* at 3:50–53. Although Patent Owner argues that Cohen does not explicitly disclose the step of designating or selecting a payment category precedes the generation of a transaction code, we find, based on the record before us, that a person with ordinary skill in the art would have understood from this disclosure that a user dials in to her credit card company and performs both the task of requesting a disposable or customized number and indicates what the customized credit card number is to be used for. Pet. Reply 12–13; Tr. 57:11–21; *see* Ex. 1004, 3:42–53. We find that a reading of Cohen that precludes a user from performing both steps in a single call is unreasonable. *Id*.

Additionally, Cohen discloses that customized cards "can either be preset for certain uses, or the cards can be ready and waiting in the user's office or home for setting to the desired use when the user is ready." Pet. Reply 13 (emphasis omitted)(citing Ex. 1004, 3:63–67). With this

disclosure, Cohen is setting forth that the customized use for a card can be preset, or set subsequent to the issuance of the card. *Id.* We find that a person with ordinary skill in the art would have understood that Cohen presents two options, where the preset option limits the customized card prior to the generation of the transaction code. *Id.*

Even further, Cohen discloses that "relevant information (such as the expiration date etc.) can either be printed on the card or verbally transmitted to the user. Likewise, the limited use nature of the card (either in a general sense or the specific limitations), the disposability of the card, the range of dates or validity of the card, etc. may either be printed on the card or transmitted to the user, whether verbally or in writing." Ex. 1004, 3:19–25. Again, we find that a person with ordinary skill in the art would have understood that the designation of the limited use card and the subsequent printing of the limits on the card suggests that the designation of the limits is done prior to the step of generating the transaction code and printing of all of the information on the customized card. Tr. 17:17–22, 51:4–52:19; *see* Ex. 1004, 3:19–25.

4. Conclusion

We have reviewed the Petition and supporting evidence and find that Petitioner has shown that Cohen anticipates all of the limitations of the challenged claims. *See* Pet. 17–31.

B. Obviousness of Claims 16–21 over Cohen and Musmanno

Petitioner contends that claims 16–21 would have been obvious over the combination of Cohen and Musmanno. *Id.* at 31–36. Petitioner provides a detailed explanation, including citations to Cohen and Musmanno, as to how the combination of Cohen and Musmanno discloses each limitation of

claims 16–21. *Id.* Petitioner further provides an articulated reasoning with a rational underpinning to support its conclusion of obviousness. *Id.* For example, Petitioner contends that Cohen discloses claim 1, as discussed above, and further discloses that Cohen's transaction code can be used repeatedly for a range of dates or a series of dates, as recited by claim 16. *Id*. at 33 (citing Ex. 1004, 7:44–62). Petitioner further argues that Musmanno discloses that a predetermined amount from a master account is transferred to at least two subaccounts at a fixed time interval. *Id.* (citing Ex. 1006, 5:53–59). Petitioner also argues that applying the repeating transaction steps of Musmanno to the transaction code generation steps of Cohen would not change the respective functions of each step and such a combination would have yielded the predictable result of the ability to use Cohen's transaction code for repeating transactions for a fixed amount at fixed intervals. *Id.* at 32–33 (citing Ex. 1008 ¶ 64).

Patent Owner argues that claims 16–21 depend from independent claim 1, and, therefore, the combination of Cohen and Musmanno fails to disclose dependent claims 16–21 for the same reasons discussed above with regard to claim 1. PO Resp. 33. We are not persuaded by Patent Owner's arguments in support of claim 1 for the reasons discussed above, and, therefore, are not persuaded that claims 16–21 would not have been obvious for the same reasons. *See supra* Section II.A.3.

We have reviewed the Petition and supporting evidence and find that Petitioner has shown that the combination of Cohen and Musmanno meets all of the limitations of claims 16–21. *See* Pet. 31–36. We further agree with the rationale for this combination of references articulated by Petitioner. *See id*. (citing Ex. 1008 ¶ 64).

C. Petitioner's Motion to Exclude

Petitioner moves to exclude the declaration of Mr. Edward L. Gussin, under Federal Rules of Evidence 702, as not qualified as an expert on the subject matter of the '486 patent. Mot. 1. Petitioner argues that both Mr. Gussin and Petitioner's declarant, Dr. Jack D. Grimes, agree that a person with ordinary skill in the art has (1) a bachelor of science degree in electrical engineering or computer science, or the equivalent, and (2) at least three years of experience in "payment card payment technologies, including experience in existing, accepted remote payment card transaction practices" at the time of the invention. *Id.* at 3 (emphasis omitted) (citing Ex. 1008 ¶ 18; Ex. 2007 ¶¶ 22–23). Petitioner argues that "to be qualified as an expert, one must at least be a person of ordinary skill" and there is no evidence that Mr. Gussin has the qualifications he agrees are required for a person with ordinary skill in the art. *Id.* at 1 (citing *Sundance, Inc. v. Demonte Fabricating Ltd.*, 550 F.3d 1356, 1363 (Fed. Cir. 2008)). Specifically, Petitioner argues that Mr. Gussin does not have at least three years of experience in the payment industry, card payment technologies, or with remote payment card transaction practices. *Id.* at 4; Reply to Opp. to Mot. 2–4.

Patent Owner argues that Mr. Gussin has (1) a master of science degree in electrical engineering, (2) thirty-nine years of electrical engineering experience developing hardware and software systems related to the present invention, and (3) served as an expert on claim construction issues and is listed as an inventor on software patents. Opp. to Mot. 2–5. Patent Owner asserts that this experience provides Mr. Gussin with the

necessary skill and knowledge relevant to the technology of the '486 patent. *Id.* at 3–4.

We are not persuaded that we should exclude Mr. Gussin's testimony. Mr. Gussin's extensive experience and education certainly qualify him to provide expert testimony in general hardware and software technologies. *See* Ex. 2007, Appendix A. To the extent Mr. Gussin is more familiar with general hardware and software technologies and less familiar with "payment card payment technologies," we weigh Mr. Gussin's testimony accordingly. *See Yorkey v. Diab*, 601 F.3d 1279, 1284 (Fed. Cir. 2010) (holding the Board has discretion to give more weight to one item of evidence over another "unless no reasonable trier of fact could have done so"); *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1368 (Fed. Cir. 2004) ("[T]he Board is entitled to weigh the declarations and conclude that the lack of factual corroboration warrants discounting the opinions expressed in the declarations."). Accordingly, Petitioner's argument goes more to the weight we should accord Mr. Gussin's testimony, rather than its admissibility, and it is within our discretion to assign the appropriate weight to Mr. Gussin's testimony.

Petitioner further moves to exclude Mr. Gussin's declaration because it relies on claim constructions inconsistent with our Decision to Institute. Mot. 5–6; Reply to Opp. to Mot. 4–5. Patent Owner responds that "[n]othing requires Mr. Gussin's testimony to be consistent with or constrained by the Board's preliminary claim constructions." Opp. to Mot. 6. We agree with Patent Owner. Our preliminary Decision is not a final determination. *See* Dec. 18. Accordingly, Patent Owner is permitted to

provide evidence towards claim construction, regardless of our initial determinations.

For the reasons discussed above, we are not persuaded to exclude Mr. Gussin's testimony. Petitioner's Motion to Exclude is *denied*.

III. CONCLUSION

We are persuaded that Petitioner has demonstrated by a preponderance of the evidence that claims 1–30 of the '486 patent are unpatentable.

IV. ORDER

Accordingly, it is hereby:

ORDERED that, based on the grounds under review, claims 1–30 of U.S. Patent No. 7,840,486 have been shown by a preponderance of the evidence to be unpatentable; and

FURTHER ORDERED that this is a Final Written Decision of the Board under 35 U.S.C. § 318(a), and parties to the proceeding seeking judicial review of this decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

IPR2014-00544
Patent No. 7,840,486 B2

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Name	Exhibit/Paper Number	Filing Date	Filing Party	Availability
1 988 IPR Petition	1	3/28/14	Petitioner	Public
2 Power of Attorney	2	3/28/14	Petitioner	Public
3 Notice of Filing Date Accorded to Petition	3	4/10/14	Board	Public
4 Power of Attorney	4	4/18/14	Owner	Public
5 Related Matters	5	4/18/14	Owner	Public
6 ORDER Conduct of the Proceeding	6	6/3/14	Board	Public
7 Patent Owner Preliminary Response	7	7/10/14	Owner	Public
8 Decision - Institution of Inter Partes Review	8	9/4/14	Board	Public
9 Scheduling Order	9	9/4/14	Board	Public
10 Order Conduct of the Proceeding	10	9/17/14	Board	Public
11 ReexaminationProceeding 90/012517	11	9/22/14	Petitioner	Public
12 Stay Ex Parte Reexamination Proceeding 90/012517	12	9/26/14	Petitioner	Public
13 Parte Reexamination Proceeding 90/012517	13	9/26/14	Owner	Public
14 DECISION Motion to Stay Reexamination Proceeding	14	10/2/14	Board	Public
15 Stipulation to Modify Scheduling Order	15	11/3/14	Owner	Public

Type
Petition
Power of Attorney
Notice of Filing Date Accorded to Petition
Power of Attorney
Notice
Notice
Preliminary Response
Institution Decision
Notice
Order
Motion
Notice
Opposition
Notice
Notice

16 PO Response	Reply	16	12/5/14 Owner	Public	
17 Petitioners Reply to Patent Owners Response	Reply	17	2/27/15 Petitioner	Public	
18 Expunged	Notice	18	3/3/15 Board	Public	
			Patent		
19 Patent Owner's Request for Oral Argument	Notice	19	4/2/15 Owner	Public	
20 Petitioner's Motion to Exclude	Motion	20	4/6/15 Petitioner	Public	
21 Petitioner's Request for Oral Argument	Notice	21	4/6/15 Petitioner	Public	
22 Order - Trial Hearing 37 C.F.R. 42.70	Notice	22	4/10/15 Board	Public	
			Patent		
Patent Owner's Opposition to Petitioner's Motion to					
23 Exclude	Opposition	23	4/16/15 Owner	Public	
24 Petitioner's Reply In Support of its Motion to Exclude	Reply	24	4/27/15 Petitioner	Public	
			Patent		
Patent Owner's Submisstion of Demonstratives for Oral					
25 Hearing	Notice	25	5/8/15 Owner	Public	
26 MC's Filing of Demonstrative Exhibits	Notice	26	5/8/15 Petitioner	Public	
27 Record of Oral Hearing	Notice	27	6/4/15 Board	Public	
	Final				
28 Final Written Decision	Decision	28	8/31/15 Board	Public	
	Rehearing		Patent		
29 Patent Owner's Request for Rehearing	Request	29	9/29/15 Owner	Public	
30 DECISION Denying Patent Owner's Request for Rehearing	Notice	30	11/10/15 Board	Public	
	Notice of		Patent		
31 Patent Owner's Notice of Appeal	Appeal	31	1/8/16 Owner	Public	
32 Mastercard Exh. 1001 - US8036988	Exhibit	1001	3/28/14 Petitioner	Public	
33 Mastercard Exh. 1002 - US8036988 File History	Exhibit	1002	3/28/14 Petitioner	Public	
34 Mastercard Exh. 1003 - Reexam File History 90_012517	Exhibit	1003	3/28/14 Petitioner	Public	
35 Mastercard Exh. 1004 - US6422462 (Cohen)	Exhibit	1004	3/28/14 Petitioner	Public	
36 Mastercard Exh. 1005 - US6636833 (Flitcroft)	Exhibit	1005	3/28/14 Petitioner	Public	
37 Mastercard Exh. 1006 - US5826243 (Musmanno)	Exhibit	1006	3/28/14 Petitioner	Public	
38 Mastercard Exh. 1007 - Complaint (13-cv-0738)	Exhibit	1007	3/28/14 Petitioner	Public	
39 Mastercard Exh. 1008 - Grimes Declaration (988)	Exhibit	1008	3/28/14 Petitioner	Public	

40	Mastercard Exh. 1009 - Random House excerpt	Exhibit	1009	3/28/14	Petitioner	Public
41	Mastercard Exh. 1010 - US6064987	Exhibit	1010	3/28/14	Petitioner	Public
42	Mastercard Exh. 1011 - US5283829	Exhibit	1011	3/28/14	Petitioner	Public
43	Mastercard Exh. 1012 - ISO 8583	Exhibit	1012	3/28/14	Petitioner	Public
44	Mastercard Exh. 1013 - 7840486 File History	Exhibit	1013	3/28/14	Petitioner	Public
45	Mastercard Exh. 1014 - 988 CBM decision	Exhibit	1014	3/28/14	Petitioner	Public
46	Mastercard Exh. 1015 - 988 CBM Preliminary Response	Exhibit	1015	3/28/14	Petitioner	Public
47	Mastercard Exh. 1016 - Provisional 60_079884	Exhibit	1016	3/28/14	Petitioner	Public
48	Mastercard Exh. 1017 - Provisional 60_099614	Exhibit	1017	3/28/14	Petitioner	Public
49	Mastercard Exh. 1018 - Provisional 60_098175	Exhibit	1018	3/28/14	Petitioner	Public
50	Mastercard Exh. 1019 - Provisional 60_092500	Exhibit	1019	3/28/14	Petitioner	Public
51	Statement Reporting CBM	Exhibit	1020	9/22/14	Petitioner	Public
52	CRU's Statement	Exhibit	1021	9/22/14	Petitioner	Public
53	Patent Owner email to MC	Exhibit	1022	9/22/14	Petitioner	Public
54	MC email to Patent Owner	Exhibit	1023	9/22/14	Petitioner	Public
	US Census Bureau Statistics of US Businesses Employment					
55	and Payroll Summary 2012	Exhibit	1024	2/27/15	Petitioner	Public
	Petitioner's Objections to Patent Owner's Evidence					
56	Submitted with Response	Exhibit	1025	4/6/15	Petitioner	Public
57	Declaratio of E. Gussin in Support of Response	Exhibit	1026	4/6/15	Petitioner	Public
					Patent	
58	Patent Owner - Ex. 2001 - Flitcroft File History	Exhibit	2001	7/10/14	Owner	Public
					Patent	
59	Patent Owner - Ex. 2002 - Defendants Answer	Exhibit	2002	9/26/14	Owner	Public
					Patent	
60	Patent Owner - Ex. 2003 - Appeal Brief	Exhibit	2003	9/26/14	Owner	Public
					Patent	
61	Exhibit 2004 - US5621201	Exhibit	2004	12/5/14	Owner	Public
					Patent	
62	Exhibit 2005 - Oxford Dictionary	Exhibit	2005	12/5/14	Owner	Public

63	Exhibit 2006 - Webster Dictionary	Exhibit	2006	12/5/14	Owner Patent	Public
64	Exhibit 2007 - Gussin Declaration	Exhibit	2007	12/5/14	Owner Patent	Public
65	Gussin Supplemental Declaration	Exhibit	2008	4/16/15	Owner Patent	Public
66	Patent Owner's Service of Gussin Supplemental Declaration	Exhibit	2009	4/16/15	Owner Patent	Public
67	Patent Owner's Demonstratives	Exhibit	2010	5/8/15	Owner	Public

Name	Exhibit/Paper Number	Filing Date	Filing Party	Type	Availability
1 486 IPR Petition	1	3/28/14	Petitioner	Petition	Public
2 Power of Attorney	2	3/28/14	Petitioner	Power of Attorney	Public
3 Notice of Filing Date Accorded to Petition	3	4/10/14	Board	Notice of Filing Date Accorded to Petition	Public
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9 Order Conduct of the Proceeding	9	9/17/14	Board	Order	Public
10 Stipulation to Modify Scheduling Order	10	11/3/14	Owner	Notice	Public
11 PO Response	11	12/5/14	Owner	Reply	Public
12 Petitioners Reply to Patent Owners Response	12	2/27/15	Petitioner	Reply	Public
13 Patent Owner's Request for Oral Argument	13	4/2/15	Owner	Notice	Public
14 Petitioner's Motion to Exclude	14	4/6/15	Petitioner	Motion	Public
15 Petitioner's Request for Oral Argument	15	4/6/15	Petitioner	Notice	Public
16 Order - Trial Hearing 37 C.F.R. 42.70	16	4/10/15	Board	Notice	Public

17	Patent Owner's Opposition to Petitioner's Motion to Exclude	Opposition	17	4/16/15	Patent Owner	Public
18	Petitioner's Reply In Support of its Motion to Exclude Patent Owner's Submission of Demonstratives for Oral Hearing	Reply	18	4/27/15	Petitioner Patent	Public
19		Notice	19	5/8/15	Owner	Public
20	MC's Filing of Demonstrative Exhibits	Notice	20	5/8/15	Petitioner	Public
21	Record of Oral Hearing	Notice	21	6/4/15	Board	Public
22	Final Written Decision	Final Decision	22	8/31/15	Board Patent	Public
23	Patent Owner's Request for Rehearing DECISION Denying Patent Owner's Request for Rehearing	Rehearing Request	23	9/29/15	Owner	Public
24		Notice	24	11/10/15	Board Patent	Public
25	Patent Owner's Notice of Appeal	Notice of Appeal	25	1/8/16	Owner	Public
26	Mastercard Exh. 1001 - US7840486	Exhibit	1001	3/28/14	Petitioner	Public
27	Mastercard Exh. 1002 - US7840486 File History	Exhibit	1002	3/28/14	Petitioner	Public
28	Mastercard Exh. 1003 - Reexam File History 90_012517	Exhibit	1003	3/28/14	Petitioner	Public
29	Mastercard Exh. 1004 - US6422462 (Cohen)	Exhibit	1004	3/28/14	Petitioner	Public
30	Mastercard Exh. 1005 - US6636833 (Flitcroft)	Exhibit	1005	3/28/14	Petitioner	Public
31	Mastercard Exh. 1006 - US5826243 (Musmanno)	Exhibit	1006	3/28/14	Petitioner	Public
32	Mastercard Exh. 1007 - Complaint (13-cv-0738)	Exhibit	1007	3/28/14	Petitioner	Public
33	Mastercard Exh. 1008 - Grimes Declaration (486)	Exhibit	1008	3/28/14	Petitioner	Public
34	Mastercard Exh. 1009 - Random House excerpt	Exhibit	1009	3/28/14	Petitioner	Public
35	Mastercard Exh. 1010 - US6064987	Exhibit	1010	3/28/14	Petitioner	Public
36	Mastercard Exh. 1011 - US5283829	Exhibit	1011	3/28/14	Petitioner	Public
37	Mastercard Exh. 1012 - ISO 8583	Exhibit	1012	3/28/14	Petitioner	Public
38	Mastercard Exh. 1013 - US8036988 File History	Exhibit	1013	3/28/14	Petitioner	Public
39	Mastercard Exh. 1014 - 988 CBM decision	Exhibit	1014	3/28/14	Petitioner	Public

40	Mastercard Exh. 1015 - 486 CBM decision Mastercard Exh. 1016 - 486 CBM Preliminary	Exhibit	1015	3/28/14	Petitioner	Public
41	Response	Exhibit	1016	3/28/14	Petitioner	Public
42	Mastercard Exh. 1017 - Provisional 60_079884	Exhibit	1017	3/28/14	Petitioner	Public
43	Mastercard Exh. 1018 - Provisional 60_099614	Exhibit	1018	3/28/14	Petitioner	Public
44	Mastercard Exh. 1019 - Provisional 60_098175	Exhibit	1019	3/28/14	Petitioner	Public
45	Mastercard Exh. 1020 - Provisional 60_092500	Exhibit	1020	3/28/14	Petitioner	Public
	Petitioner's Objections to Patent Owner's Evidence					
46	Submitted with Response	Exhibit	1021	4/6/15	Petitioner	Public
	Declaration of E. Gussin in Support of Petitioner's					
47	Objections	Exhibit	1022	4/6/15	Petitioner	Public
					Patent	
48	Patent Owner - Ex. 2001 - Flitcroft File History	Exhibit	2001	7/10/14	Owner	Public
					Patent	
49	Exhibit 2002 - CRU Statement	Exhibit	2002	12/5/14	Owner	Public
					Patent	
50	Exhibit 2003 - Appeal Brief	Exhibit	2003	12/5/14	Owner	Public
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51	Exhibit 2004 - US5621201	Exhibit	2004	12/5/14	Owner	Public
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52	Exhibit 2005 - Oxford Dictionary	Exhibit	2005	12/5/14	Owner	Public
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53	Exhibit 2006 - Webster Dictionary	Exhibit	2006	12/5/14	Owner	Public
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54	Exhibit 2007 - Gussin Declaration	Exhibit	2007	12/5/14	Owner	Public
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55	Gussin Supplemental Declaration	Exhibit	2008	4/16/15	Owner	Public
	Patent Owner's Service of Gussin Supplemental				Patent	
56	Declaration	Exhibit	2009	4/16/15	Owner	Public
					Patent	
57	Patent Owner's Demonstratives	Exhibit	2010	5/8/15	Owner	Public

US008036988B2

(12) **United States Patent**
D'Agostino

(10) **Patent No.: US 8,036,988 B2**
(45) **Date of Patent: *Oct. 11, 2011**

(54) **SYSTEM AND METHOD FOR PERFORMING SECURE CREDIT CARD TRANSACTIONS**

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(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

This patent is subject to a terminal disclaimer.

(21) Appl. No.: **12/902,399**

(22) Filed: **Oct. 12, 2010**

(65) **Prior Publication Data**

US 2011/0071945 A1 Mar. 24, 2011

Related U.S. Application Data

(63) Continuation of application No. 11/252,009, filed on Oct. 17, 2005, now Pat. No. 7,840,486, which is a continuation of application No. 10/037,007, filed on Nov. 9, 2001, now abandoned, which is a continuation-in-part of application No. 09/231,745, filed on Jan. 15, 1999, now Pat. No. 6,324,526.

(51) **Int. Cl.**
G06Q 40/00 (2006.01)

(52) **U.S. Cl.** **705/44**

(58) **Field of Classification Search** 705/44
See application file for complete search history.

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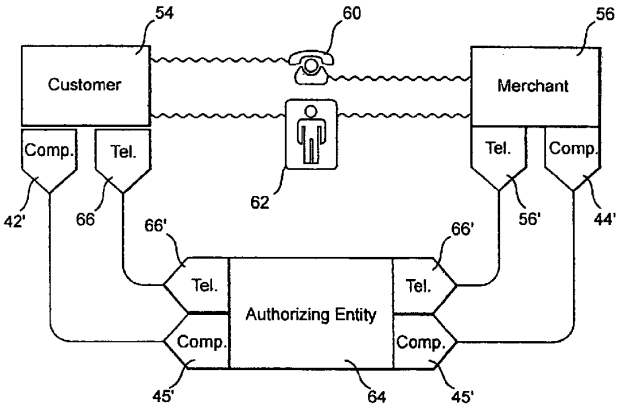
(57) **ABSTRACT**

A method and system of performing secure credit card purchases in the context of a remote commercial transaction, such as over the telephone, wherein only the customer, once generally deciding upon a product or service to be purchased, communicates with a custodial authorizing entity, such as a credit card company or issuing bank wherein such entity has previous knowledge of the credit card number as well as custodial control of other account parameters such as interest rate, payment history, available credit limit etc. The customer supplies the custodial authorizing entity with the account identification data such as the credit card number and a requested one of a possible plurality of predetermined payment categories which define the dollar amount for the purchase and specific, predetermined time parameters within which authorization by the custodial authorizing entity will remain in effect. The custodial authorizing entity then generates a transaction code which is communicated exclusively to the customer wherein the customer in turn communicates only the transaction code to the merchant instead of a credit card number. The transaction code is indicative of merchant identification, credit card account identification and a designated one of the plurality of predetermined payment categories.

38 Claims, 2 Drawing Sheets



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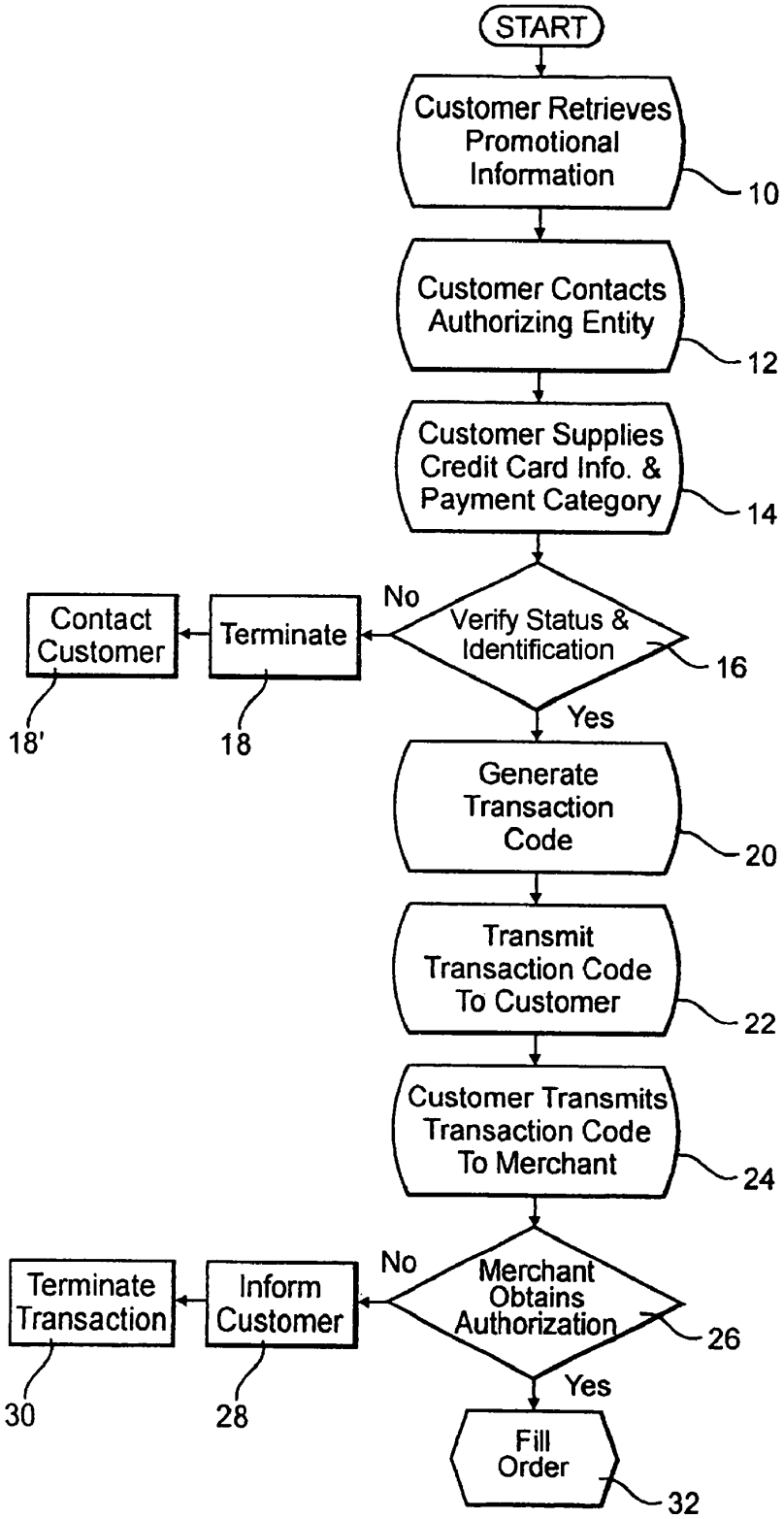
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Customer Contacts Authorizing Entity
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Customer Supplies Credit Card Info. & Payment Category
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Verify Status & Identification
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Terminate
18
Contact Customer
18'
Yes
Generate Transaction Code
20
Transmit Transaction Code To Customer
22
Customer Transmits Transaction Code To Merchant
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Merchant Obtains Authorization
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No
Inform Customer
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Terminate Transaction
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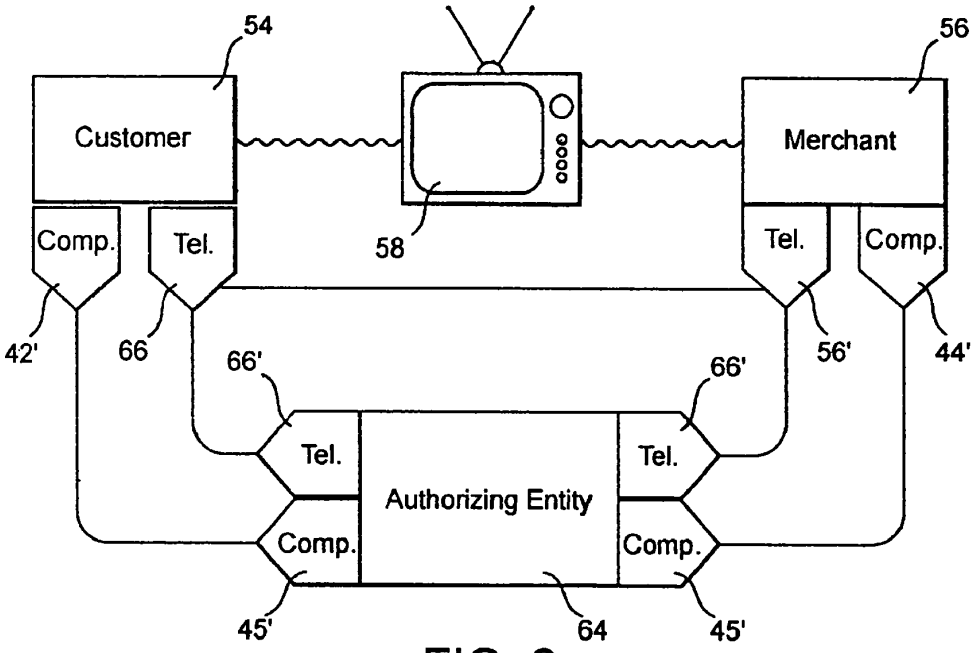
Yes
Fill Order
32

FIG. 1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Comp.
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Authorizing Entity
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Comp.
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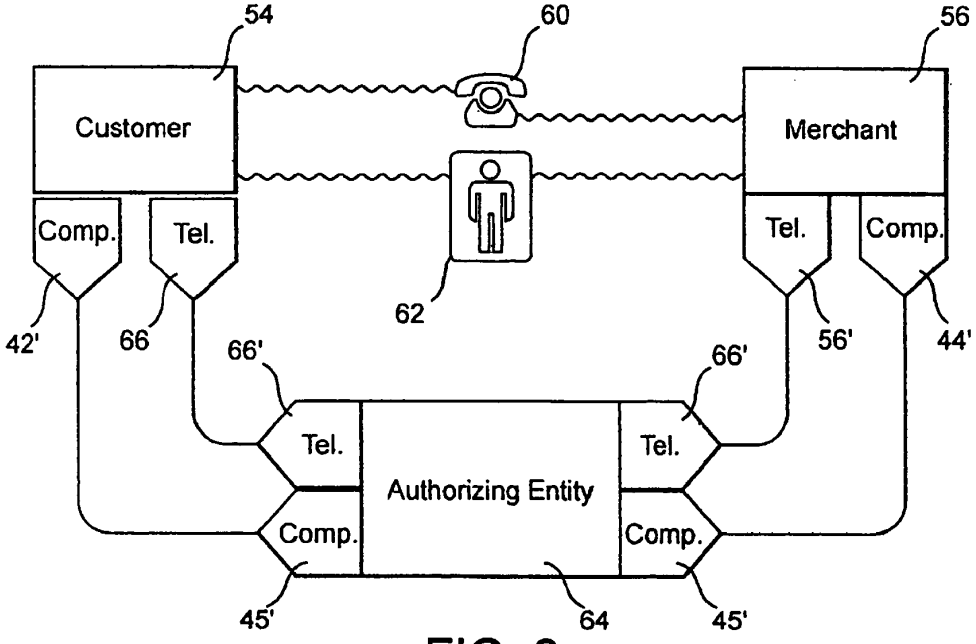
64
45'

FIG. 2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Tel.
Comp.
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42'
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66'
66'
56'
44'
Tel.
Tel.
Authorizing Entity
Comp.
Comp.
45'
64
45'

FIG. 3

SYSTEM AND METHOD FOR PERFORMING SECURE CREDIT CARD TRANSACTIONS

CROSS-REFERENCE TO RELATED APPLICATIONS

This application is a continuation of pending U.S. patent application Ser. No. 11/252,009, filed on Oct. 17, 2005, which is a continuation of U.S. patent application Ser. No. 10/037,007, filed on Nov. 4, 2001, which is a continuation-in-part of U.S. patent application Ser. No. 09/231,745, filed on Jan. 15, 1999 and now U.S. Pat. No. 6,324,526, issued on Nov. 27, 2001, which the entirety of each are incorporated herein by reference.

BACKGROUND OF THE INVENTION

1. Field of the Invention

This invention relates to a system and method of performing secure credit card purchases in connection with remote commercial transactions, wherein a credit card holder does not have to reveal their credit card number to a merchant or a mechanism controlled by the merchant in order to accomplish a purchase, and wherein the merchant is still assured of the necessary credit verifications and approvals prior to authorizing and/or completing a credit card transaction, thereby increasing overall security by minimizing any access to credit card numbers without having to substantially modify or deviate from existing, accepted credit card transaction practices.

2. Description of the Related Art

The utilization of credit and debit cards to conduct transactions is ever increasing. This is especially the case with remote or "mail-order" transactions wherein merchants desire to be assured of a payment prior to shipping a product. For example, recent years have seen a substantial increase in the popularity of televised shopping networks to further supplement the popularity of catalogue type sales. Moreover, the increasing use and popularity of distributed computer networks such as the internet has also contributed to the dramatic increase in the number of remote commercial transactions conducted every day.

One primary reason associated with the rapid growth of remote commercial transactions is the ability of a merchant to reach an almost limitless number of potential customers at a substantially insignificant cost and with little or no operating overhead since an actual store is not required. Additionally, such sales techniques permit customers to view the products and services in a greatly expanded marketplace, representing a great number of vendors, without extensive travel and without foregoing the privacy and convenience of their home or other predetermined computer site in some cases. Simply put, a telephone or like communication avenue is all that is needed to place the consumer in contact with the merchant and complete the transaction.

The vast increase in popularity of remote commercial transactions conducted over the telephone or internet is further facilitated by the relatively simple protocols and procedures necessary to conduct such transactions. In particular, in order to complete a valid transaction, a merchant need not physically see the customer or the credit card, but must merely accept and enter a customer's credit card account number and an expiration date thereof to obtain authorization. This same convenience, however, is the primary disadvantage and/or problem associated with conducting commerce in the manners set forth above. Specifically, there is a great reluctance on the part of the customer to transmit the credit card account information, including the credit card number,

because of the proliferation of fraud, and a well recognized lack of security directed to the protection of such account information. Indeed, it has been established that security and privacy concerns are realistic due to the fact that credit card account data is easily readable or interceptable by unauthorized parties, and can be readily used for all types of remote transactions with minimal risk of being physically caught. In fact, unscrupulous individuals have many ways of gaining access to a consumer's legitimate remote transactions and thereby obtaining the credit card information. This information can be obtained from old credit card receipts or even from the unauthorized notation and use of the information by merchants or their employees after a legitimate transaction is made. Naturally, the latter is the most difficult to prevent utilizing known methods and systems unless a consumer is willing to completely forego the use of a credit card for purchases.

In the case of computerized remote transactions, as messages, including account data or other confidential information, move across the internet, they can easily pass through numerous computers, any one of which can be utilized to copy such confidential information or data, thereby leading to a further risk of potential fraud when conducting such transactions. Presently, some companies currently seek to address such security and privacy concerns by the employment of encryption programs and techniques. To this end there is an extensive facility associated with both public and private encryption schemes being deployed in order to guard the private or secured information being transmitted across the internet or like world wide networks. Unfortunately, however, even with such encryption techniques, the account information must usually still ultimately be transmitted to a third party who did not previously have access to that information previously. Even some more sophisticated systems which seek to interpose a separate computer or encryption entity between the consumer and the merchant so as to obtain authorization and forward it to the merchant, that information must still be made available to and/or transmitted to that third party, thereby leaving open an avenue for fraud or theft. Further, such encryption techniques, even if minimally effective for computerized remote transactions, are not truly useable for other conventional types of remote transactions, or even normal in person transactions.

Based on the above, there is an obvious need in the field of art associated with remote commercial transactions for a system and method of performing secure credit card purchases of goods and services which truly reduces the risk of potential fraud and theft by eliminating outside access to a consumer's private credit card information without requiring complex encryption equipment or significantly altering the ease and convenience of current transaction techniques. Further, such a system and method should also be effective for use in conventional, "in person" transactions as well, thereby providing an added measure of security and minimizing the hazards associated with the passing on of account information by unscrupulous merchants. Also, such a system should provide limits to potential loss or liability in a manner which does not impede the transaction.

SUMMARY OF THE INVENTION

The present invention is directed towards a system and method of performing secure credit card purchases, wherein payment for goods or services purchased is efficiently accomplished while eliminating the necessity of disclosure or dissemination of a consumers specific credit card number or other account data which the customer or other individual

may wish to maintain in confidence. The system and method of the present invention incorporates the advantage of consummating the purchase by the customer through the selection of any one of a plurality of predetermined payment categories. Collectively, the payment categories represent a variety of methods for accomplishing payment for a fixed transaction, a multiple transaction and/or a repeating transaction.

One embodiment of the system and method of the present invention comprises a customer receiving information, including specific data necessary for the purchase of any given product or service. This promotional information generated by the merchant can be received by any of a plurality of conventional means including advertisements, catalogues, computer network connections, direct person to person customer and merchant contact, telephone solicitation, mail orders, etc. Once the customer has identified the product or services which he/she wishes to purchase, the customer contacts and supplies a custodial authorizing entity with the requisite information concerning both the identification of a specific credit card or debit card account and a requested payment category. Additionally, security against unauthorized use of confidential account data may also preferably include information relating to the merchant's identification and/or location.

The custodial authorizing entity is preferably defined as the entity which has or has been assigned the custodial responsibility for the financial account data of a customer's credit card account, including a previous knowledge of the credit card number and other information such as credit limits, payment history, available credit amounts and other information which will determine the status of a given credit card account in terms of authorizing a requested payment for a current purchase.

As part of the security system for accomplishing a commercial transaction utilizing credit card or debit card payment, the custodial authorizing entity includes sufficient facilities, preferably including a processing computer or like applicable hardware for the generation of an exclusive transaction code. The transaction code is to be used in substitution for the credit card number and when utilized as authorized, will issue the merchant a credit approval, and will accomplish payment for the goods or services desired in the normal fashion normally associated with a credit or debit card transaction, without the publication or dissemination of an identifying credit card number for a specific customer's account to any entity that is not already aware of that information.

Further, a feature of the transaction code is its ability to indicate any one of preferably a plurality of predetermined payment categories which may be either requested by the customer or automatically chosen by the custodial authorizing entity based on the type of account or the type of purchase or other commercial transaction involved. Each of the payment categories are reflective of a different type of payment desired or required to consummate the intended purchase. More specifically, the plurality of payment categories may include a single transaction involving a specific dollar amount for a purchase within a specific time period, such as twenty four hours, during which authorization of the purchase remains valid. Alternately, a single transaction may be involved wherein a maximum limit or a dollar amount is determined above which the purchase will become invalidated and further wherein a fixed period of time is preferably established for maintaining authorization of such purchase. Other alternatives would involve one or more of the categories coded to define multiple transactions involving a maximum dollar amount for purchases, as well as a fixed period of time for authorization of such purchases, and/or a repeating transaction wherein payments may be automatically accessed by a merchant over a predetermined or unspecified time interval (such as every thirty days) for a specific dollar amount or a maximum dollar amount limit. Also, limits solely as to a specific merchant or a given time period can be effectively established for which the transaction code is valid.

A further feature of the present invention to be described in greater details hereinafter, is the requirement that the transaction code, once received by the customer is transmitted to the merchant by the customer or a person specifically authorized by the customer. Only minimal contact by the merchant and the custodial authorizing entity is provided for purposes of the merchant verifying the validity of the transaction code utilizing a conventional process electronically or otherwise similar to the verification of a credit card number normally offered to a merchant for the purchase of goods or services. There is, therefore, no disclosure, publication or other dissemination of the specific credit card number of a given customer account beyond those entities who already know the information, and the transaction code is transmitted exclusively to the customer by the custodial authorizing entity who has the ability to better identify whether the customer is properly authorized to use the account. Moreover, the transaction code, once given out by the customer, only has a limited usefulness, thereby limiting the risk of misuse and minimizing the potential losses to be experienced by the credit card company and/or the account holder.

Accordingly, it is an object of the present invention to provide a system and attendant method for performing remote commercial transactions utilizing credit cards, which maximizes the security of the transaction and limits the potential liability to be experienced from a fraudulent transaction.

Yet another object of the present invention is to provide a secure system and method for establishing credit card purchases which eliminate the disclosure or dissemination of the actual credit card number to anyone other than a custodial authorizing entity which normally has custodial responsibilities for account information including the previously established credit card number.

It is another object of the present invention to provide a system and method of establishing secure credit card purchases through the generation of a transaction code which renders it extremely difficult or impossible to access or infiltrate a customer's credit card account by unauthorized means.

It is yet another object of the present invention to provide a secure method of completing a remote commercial transaction which eliminates the need to convey actual account information to a merchant, but which allows the merchant to conduct a normal verification of information needed to consummate a given purchase.

It is also an object of the present invention to provide a system and attendant method of accomplishing secure credit card purchases which eliminates the need to disclose or disseminate a given credit card number while providing the customer with the versatility of choosing any one of a plurality of predetermined payment categories.

It is yet another feature of the present invention to provide a system and method of accomplishing secure credit card payments having the versatility of allowing the customer to select any one of a plurality of payment categories which are indicative of a variance in the amount of a purchase as well as the time in which authorization for such payment is valid.

These and other objects, features and advantages of the present invention will become more clear when the drawings as well as the detailed description are taken into consideration.

BRIEF DESCRIPTION OF THE DRAWINGS

For a fuller understanding of the nature of the present invention, reference should be had to the following detailed description taken in connection with the accompanying drawings in which:

FIG. **1** is a schematic representation of a flow chart showing various steps involved in the performance of the system and method of the present invention for the secure credit card purchasing;

FIG. **2** is a schematic representation similar to that of FIG. **1** wherein customer to merchant contact is accomplished by conventional facilities such as television; and

FIG. **3** is a schematic representation similar that of FIG. **2** wherein customer to merchant contact is established either by phone or in person.

Like reference numerals refer to like parts throughout the several views of the drawings.

DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENT

As shown in the accompanying Figures, the present invention is directed towards a system and method for accomplishing secure credit card purchases. Moreover, these purchases can be "in person", but preferably include remote commercial transactions such as mail order, purchases over the internet, television solicitations, telephone solicitations, etc. Security is establish by virtue of the elimination of the need to disclose an active credit card number and expiration date to the merchant or any other party other than the original credit card company, issuing bank or like financial institution which already has custodial responsibilities for the financial or account data associated with a given customer's credit card account.

More specifically and with reference to FIG. **1** the system as well as an attendant method is preferably instigated by the customer viewing a product, identifying a desired amount for a transaction and/or receiving promotional information as at **10**, either in person or by any of the electronic or more conventional techniques which will be described in greater detail with reference to FIGS. **2** through **3**. Once the customer reviews the product or promotional information and has sufficient information, such as including price, product or service identification, payment requirement, etc., regarding the remote commercial transaction to be conducted, the customer contacts, either by computer, telephone or in person, a custodial authorizing entity as at **12**. The custodial authorizing entity may herein be defined as comprising that entity or institution which has or has been designated by the entity which has custodial responsibility for the financial data and security of a given credit card account of a customer. As set forth above such custodial authorizing entity can be represented by the credit card company issuing a credit card to a given customer or alternately can be represented by a bank or other financial institution serving to sponsor a credit card or debit card to the extent of processing the debits and credit associated therewith. The authorizing entity's custodial responsibilities of course includes the previous knowledge and/or storage of the credit card number serving to identify a specific customer's credit card account. Once contacted, the customer then supplies appropriate identification data to inform the custodial authorizing entity of a specific customer's credit card account as at **14**. In addition, the customer will supply the custodial authorizing entity with additional required information needed to consummate the purchase as well as ensure the security of the account in order to prevent its unauthorized use. Such additional information may preferably include the identification of the merchant or merchants involved, when such information is deemed necessary, and a requested one of a plurality of predetermined payment categories to facilitate consummation of the purchase of the products or services desired. Such predetermined plurality of payment categories will be discussed in greater detail hereinafter.

Once the appropriate information has been received from the customer as indicated at **16**, the custodial authorizing entity verifies the credit card status and account identification of the customer to determine the viability of the account in terms of dollar amount limits, payment history, available credit balance, etc. If the accessed credit card account is not in good standing, the custodial authorizing entity will permanently or temporarily terminate the transaction as at **18** and/or communicate to the customer directly as at **18'** by any applicable means for purposes of informing the customer of the unacceptable status of the accessed credit card account. If the credit card account is in good standing, based at least in part on the requested payment category, (amount of payment), the custodial authorizing entity generates a transaction code as at **20**. The transaction code is used in substitution for the specific credit card number which would normally identify a customer's credit card account and would allow access thereto by any entity having possession of the credit card number whether or not such possession was authorized or unauthorized. More specifically, the transaction code is pre-coded to be indicative of a specific credit card account, preferably a merchant or merchants identification and a designated payment category, selected from the plurality of predetermined payment categories as set forth above. Once generated, the transaction code is communicated exclusively to the authorized and verified customer by the custodial authorizing entity as at **22**, wherein the system and method of the present invention preferably restricts communication between the custodial authorizing entity and the merchant except to conduct a normal verification as will be explained.

The verified customer thereafter and preferably within a time limit to be determined by the customer and pre-coded in association with the transaction code, will directly or through an authorized representative communicate the transaction code to the merchant as at **24**. The system and method of the preferred embodiment of the present invention contemplates that only the verified customer will transmit the generated transaction code to the merchant in the case of a remote commercial transaction, thereby limiting knowledge of the transaction code to those parties having a need to know. Of course, however, as the transaction code will generally have a limited value as defied by the verified customer when obtained, the verified customer may designate an agent or other entity to act as the customer on his/her behalf, with the amount of potential liability to be experienced by such a transaction to be limited to the amount defined by the verified customer when obtaining the transaction code.

At this point the purchase is consummated at least from the customer standpoint in that the customer has previously established the acceptable status of the account. Therefore the customer feels free to disclose the transaction code to the merchant or merchants instead of the actual credit card number as at **22**, **24** and is relatively unconcerned if the transaction code is published or otherwise disseminated to unauthorized

entities. In a preferred embodiment wherein a merchant identifier is pre-coded in association with the transaction code, the pre-coding of the transaction code will prohibit an unauthorized use due at least in part to the fact that the merchant is specifically identified and any attempt to use the transaction code other than by the identified merchant will be prohibited. In addition, the merchant is prevented from "overcharging" or "extending" the purchase by fixing the dollar amount to satisfy the specific cost or limit of the purchase as well as a specific time limit or time parameters in which the authorization for payment is valid. Such information, as set forth above, is communicated by the requested and subsequently designated payment category as set forth above. Restricted communication between the merchant and the custodial authorizing entity as at **26** is permitted exclusively for purposes of verification of the transaction code in a manner, which may utilize, at least to some extent, conventional facilities for the verification of a credit card number by most merchants or like commercial establishments. As a result, the merchant also has a desired verification as to the validity of a transaction and can effectively make arrangements to be paid by the credit card company.

If for some reason the transaction code is refused verification, the customer may be informed directly by the merchant as at **28** and or the transaction may be terminated as at **30**. Assuming verification of the transaction code by the custodial authorizing entity, the merchant proceeds to consummate the purchase and send the order, as at **32**, in the case of a remote commercial transaction.

FIGS. **2** and **3** are representative of the versatility of the system and method of the present invention wherein the customer **54** may receive the aforementioned promotional information from the merchant **56** by any appropriate means such as television solicitation as at **58**, phone solicitation as at **60** and/or personal solicitation as at **62**. Once the customer receives the promotional information, which may include the viewing of the product itself, or in advance if a general estimate as to the ultimate cost of an anticipate purchase(s) can be made prior to viewing promotional information, the customer contacts the custodial authorizing entity **64** by any appropriate electronic or conventional facilities such as direct phone to phone contact as at **66** and **66'** or direct computer contact as at **46'**, **45'**. Once the customer's authorization is confirmed, details of the anticipated transaction are established so as to determine a payment category, and the a transaction code is issued to the customer. The customer, either directly or through a representative, can then utilize the transaction code to consummate a transaction within the defined parameters of the payment category. Moreover, the merchant **56**, through a conventional, yet restricted communication with the custodial authorizing entity **64** by any of a plurality of conventional or electronic methods using computer to computer linking as at **44'**, **45'** or by telephone transmission as at **56'**, **66'**, can obtain a verification and subsequent payment utilizing the transaction code only.

As emphasized above, an important feature of the present invention is the ability of the customer to request a desired or a required payment category and the ability of the custodial authorizing entity **64** and/or a processing computer **45** of the custodial authorizing entity to issue a transaction code in accordance with the payment category. The payment categories, may be collectively defined as a variety of different types of transactions. Such transactions may include a single transaction for a specific amount of a purchase to be consummated. Alternatively, the payment category may include a single transaction defined by a single purchase having a maximum limit amount, wherein the specific or precise cost of the purchase has not been determined for a variety of reasons, and as such, the customer desires to set a maximum amount for which the single transaction may be made. Accordingly, with such a payment category, the exact amount may not be known in advance, but the customer is assured of not paying over the specifically designated maximum limit. In addition, the transactions are preferably, but not necessarily, authorized to be conducted only over a fixed life period of time, such as within twenty four hours, thereby ensuring that an outstanding transaction code does not remain valid if not used as generally intended. This limited time period can, of course be varied or omitted depending upon the wishes of the customer and/or the policies of the custodial authorizing entity. Also, these or any other payment category transactions may include a specific merchant identification to further restrict use of the transaction code.

The payment category may also include a multi-transaction authorization wherein more than one purchase may be made from one or a plurality of different merchants, each of which may or may not be identified by the customer and pre-coded in association with the transaction code, and wherein a total cost of the plurality of purchases may not exceed a maximum limit amount. This transaction can also be limited to having to take place within a predetermined, designated fixed life span, such as but not limited to twenty four hours. Accordingly, in some instances wherein a customer, or an agent of the customer, such as a child, guardian, or care giver, must make a number of transactions or purchases which are authorized by the customer, the customer may designate a maximum amount which can be spent utilizing a particular transaction code within a predetermined period of time, and/or can designate that only one merchant, whether designated or not, can use the transaction code.

As yet another alternative, the payment category may include a repeating transaction for a specific amount to be paid in each of a fixed number of intervals. For example, the customer may which to join a gym or receive services or products over a fixed number of payment intervals, such as every thirty days. Accordingly, the merchant will be authorized to charge the credit card account designated by the corresponding transaction code a fixed monthly payment. Similarly, a repeating transaction for a stated minimum interval such as every thirty days may be authorized for a specific amount for an unspecified number of intervals wherein the merchant will be authorized to continuously obtain payment on a "monthly" basis until the customer decides to cancel such authorization.

Since many modifications, variations and changes in detail can be made to the described preferred embodiment of the invention, it is intended that all matters in the foregoing description and shown in the accompanying drawings be interpreted as illustrative and not in a limiting sense. Thus, the scope of the invention should be determined by the appended claims and their legal equivalents.

What is claimed is:

1. A method of performing secure credit card purchases, said method comprising:

a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;

b) supplying said custodial authorizing entity with at least account identification data of said customer's account;

c) defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being

included in said payment category prior to any particular merchant being identified as one of said one or more merchants;

d) designating said payment category;

e) generating a transaction code by a processing computer of said custodial authorizing entity, said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category;

f) communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters;

g) verifying that said defined purchase parameters are within said designated payment category; and

h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.

2. The method of claim **1** further comprising the step of designating at least one of said one or more merchants subsequent to generating said transaction code.

3. The method of claim **1** wherein said step of communicating the transaction code to a merchant to consummate said purchase within defined purchase parameters further comprises designation of said merchant as one of said one or more merchants.

4. The method of claim **1** wherein said step of generating said transaction code further comprises said customer obtaining said transaction code.

5. The method of claim **1** further comprising generating a transaction code which reflects at least one of a plurality of said payment categories.

6. The method of claim **1** further comprising defining at least one payment category to include amount parameters for a cost of one or more purchases.

7. The method of claim **1** further comprising defining at least one payment category to include time parameters during which the purchase can be completed.

8. The method of claim **1** further comprising defining at least one payment category to include limiting said transaction code to a single transaction for a purchase within a predetermined period of time.

9. The method of claim **1** further comprising defining at least one payment category to include limiting purchases to a single transaction at a maximum amount for purchase within a predetermined period of time.

10. The method of claim **1** further comprising defining at least one payment category to include limiting purchases to at least two purchases at a maximum total amount for items purchased within a predetermined time period.

11. The method of claim **1** further comprising defining at least one payment category to include using said transaction code for at least two purchases for a repeating transaction at a fixed amount payable at each of a fixed number of time intervals.

12. The method of claim **11** further comprising defining at least one payment category to include limiting purchases to said repeating transaction at said fixed amount payable at each of said fixed number of time intervals.

13. The method of claim **1** further comprising defining at least one payment category to include using said transaction code for a repeating transaction at a fixed amount payable at each of an unspecified number of time intervals.

14. The method of claim **1** further comprising defining at least one payment category to include limiting a repeating transaction to a maximum dollar amount.

15. The method of claim **1** further comprising defining at least one payment category to include limiting purchases to a limited time interval during which a purchase is permitted.

16. The method of claim **1** further comprising communicating said transaction code to the customer at the location of the merchant for use in person.

17. A method of performing secure credit card purchases, said method comprising:

a) identifying a pre-established account that is used to make credit card purchases;

b) selecting a predetermined payment category which limits a nature, of a series of subsequent purchases to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;

c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account, said transaction code associated with at least said pre-established account and the limits of said selected payment category and different from said pre-established account;

d) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters;

e) verifying that said defined purchase parameters correspond to said selected payment category;

f) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and

g) associating the purchase with said pre-established account.

18. The method of claim **17** wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as one of said one or more merchants.

19. A method of performing secure credit card purchases, said method comprising the steps of:

a) identifying a pre-established account that is used to make credit card purchases;

b) selecting a pre-determined payment category which limits a nature of a subsequent purchase to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;

c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account, said transaction code associated with at least said pre-established account and the limits of said selected payment category, and different from said pre-established account;

d) designating a merchant as one of said one or more merchants;

e) communicating said transaction code to said merchant to consummate a purchase within defined purchase parameters;

f) verifying that said defined purchase parameters correspond to said selected payment category;

g) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and

h) associating the purchase with said pre-established account.

20. The method of claim 19 wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as one of said one or more merchants.

21. A method for implementing a system for performing secure credit card purchases, the method comprising:

a) receiving account information from an account holder identifying an account that is used to make credit card purchases;

b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;

c) generating a transaction code utilizing a processing computer of a custodial authorizing entity, said transaction code associated with said account and reflecting at least the limits of said payment category, to make a purchase within said payment category;

d) communicating said transaction code to said account holder;

e) receiving a request to authorize payment for a purchase using said transaction code;

f) authorizing payment for said purchase if said purchase is within said payment category.

22. A method for implementing a system for performing secure credit card purchases, the method comprising:

a) receiving account information from an account holder identifying an account that is used to make credit card purchases;

b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;

c) generating a transaction code utilizing a processing computer of a custodial authorizing entity, said transaction code associated with said account and reflecting at least the limits of said payment category, to make a purchase within said payment category;

d) communicating said transaction code to said account holder;

e) receiving a request to authorize payment for a purchase using said transaction code;

f) authorizing payment for said purchase if said purchase is within said payment category.

23. The method of claim 21 wherein the step of receiving account information from an account holder identifying an account that is used to make credit card purchases further comprises receiving information identifying a credit card account.

24. The method of claim 21 wherein the step of generating a transaction code utilizing a processing computer of a custodial authorizing entity further comprises generating a transaction code which reflects at least one of a plurality of predetermined payment categories.

25. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that is automatically chosen by a custodial authorizing entity.

26. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting a repeating transaction to a maximum dollar amount.

27. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting purchases to a minimum time interval after which a subsequent purchase is permitted.

28. The method of claim 21 wherein the step of communicating said transaction code to said account holder further comprises communicating said transaction code to said account holder at the location of the merchant for use in person.

29. The method of claim 21 wherein said step of receiving a request to authorize payment for a purchase using said transaction code further identifies said single merchant.

30. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a predetermined payment category that is further limited in accordance with transaction details provided by said account holder.

31. The method of claim 22 wherein the step of receiving account information from an account holder identifying an account that is used to make credit card purchases further comprises receiving information identifying a credit card account.

32. The method of claim 22 wherein the step of generating a transaction code utilizing a processing computer of a custodial authorizing entity further comprises generating a transaction code which reflects at least one of a plurality of predetermined payment categories.

33. The method of claim 22 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that is automatically chosen by a custodial authorizing entity.

34. The method of claim 22 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting a repeating transaction to a maximum dollar amount.

35. The method of claim 22 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting purchases to a minimum time interval after which a subsequent purchase is permitted.

36. The method of claim 22 wherein the step of communicating said transaction code to said account holder further

comprises communicating said transaction code to said account holder at the location of the merchant for use in person.

37. The method of claim **22** wherein said step of receiving a request to authorize payment for a purchase using said transaction code further identifies a merchant as one of said one or more merchants.

38. The method of claim **22** wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a predetermined payment category that is further limited in accordance with transaction details provided by said account holder.

* * * * *

UNITED STATES PATENT AND TRADEMARK OFFICE

CERTIFICATE OF CORRECTION

PATENT NO. : 8,036,988 B2
APPLICATION NO. : 12/902399
DATED : October 11, 2011
INVENTOR(S) : John D'Agostino

It is certified that error appears in the above-identified patent and that said Letters Patent is hereby corrected as shown below:

Column 9, line 11, claim 1.f)

replace "purchase with defined"
with -- purchase within defined --

Signed and Sealed this
Twelfth Day of February, 2013

Teresa Stanek Rea
Acting Director of the United States Patent and Trademark Office

US007840486B2

(12) **United States Patent**
D'Agostino

(10) **Patent No.: US 7,840,486 B2**
(45) **Date of Patent: Nov. 23, 2010**

(54) **SYSTEM AND METHOD FOR PERFORMING SECURE CREDIT CARD PURCHASES**

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(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

(21) Appl. No.: **11/252,009**

(22) Filed: **Oct. 17, 2005**

(65) **Prior Publication Data**

US 2006/0031161 A1 Feb. 9, 2006

Related U.S. Application Data

(63) Continuation of application No. 10/037,007, filed on Nov. 9, 2001, now abandoned, which is a continuation-in-part of application No. 09/231,745, filed on Jan. 15, 1999, now Pat. No. 6,324,526.

(51) **Int. Cl.**
G06Q 40/00 (2006.01)

(52) **U.S. Cl.** **705/44**; 705/41

(58) **Field of Classification Search** 705/39, 705/40, 44
See application file for complete search history.

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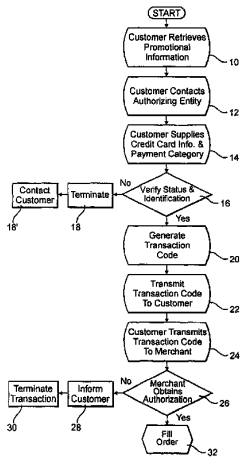
(57) **ABSTRACT**

A method and system of performing secure credit card purchases in the context of a remote commercial transaction, such as over the telephone, wherein only the customer, once generally deciding upon a product or service to be purchased, communicates with a custodial authorizing entity, such as a credit card company or issuing bank wherein such entity has previous knowledge of the credit card number as well as custodial control of other account parameters such as interest rate, payment history, available credit limit etc. The customer supplies the custodial authorizing entity with the account identification data such as the credit card number and a requested one of a possible plurality of predetermined payment categories which define the dollar amount for the purchase and specific, predetermined time parameters within which authorization by the custodial authorizing entity will remain in effect. The custodial authorizing entity then generates a transaction code which is communicated exclusively to the customer wherein the customer in turn communicates only the transaction code to the merchant instead of a credit card number. The transaction code is indicative of merchant identification, credit card account identification and a designated one of the plurality of predetermined payment categories.

30 Claims, 2 Drawing Sheets



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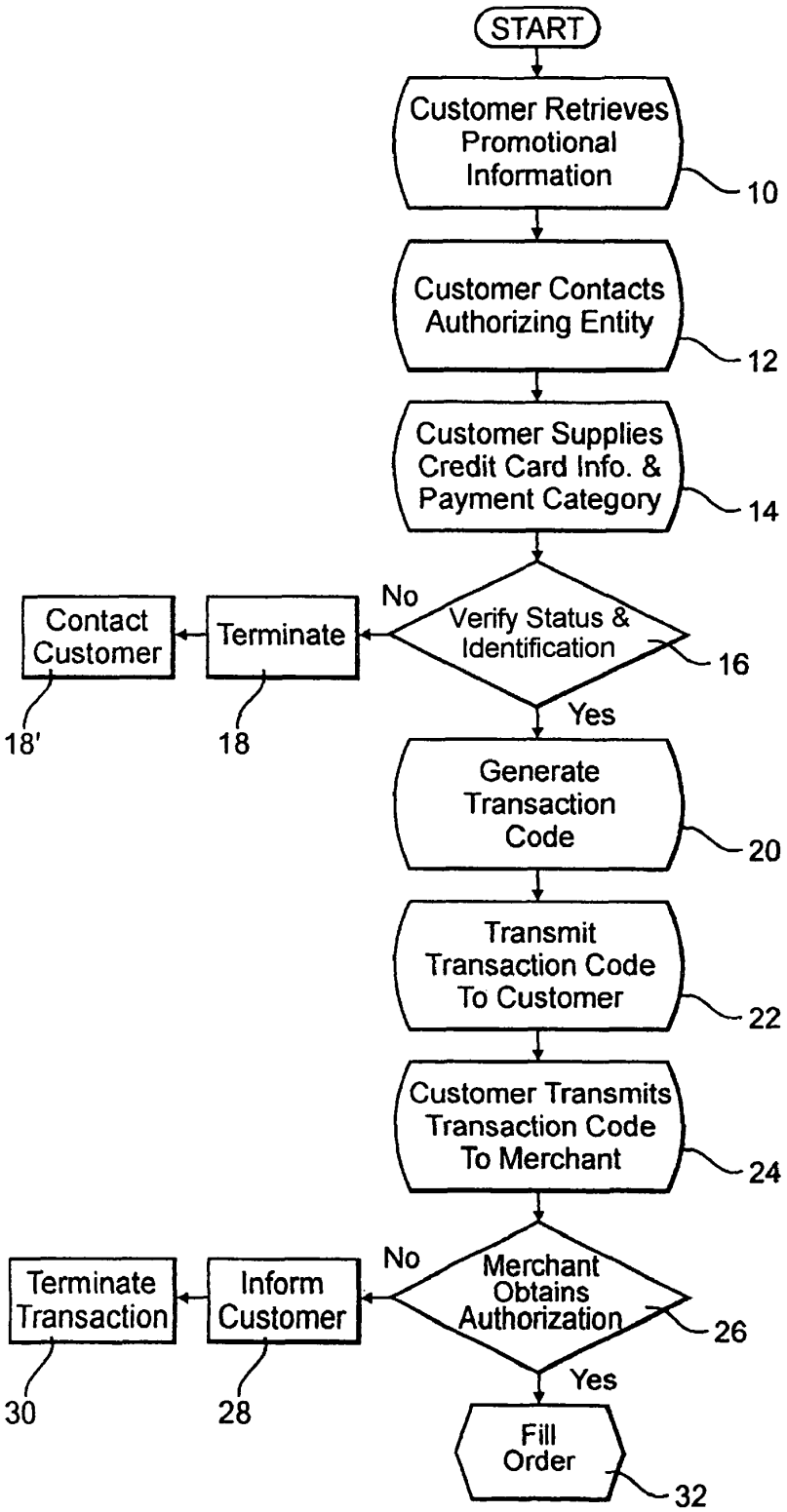
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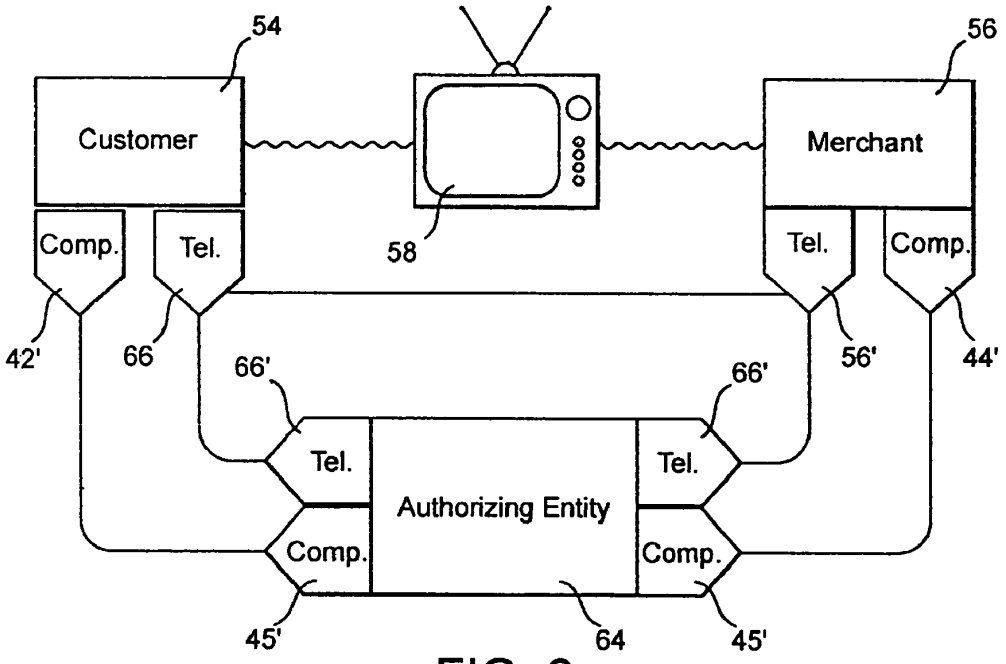
Customer Retrieves Promotional Information
10
Customer Contacts Authorizing Entity
12
Customer Supplies Credit Card Info. & Payment Category
14
Verify Status & Identification
16
No
Terminate
18
Contact Customer
18'
Yes
Generate Transaction Code
20
Transmit Transaction Code To Customer
22
Customer Transmits Transaction Code To Merchant
24
Merchant Obtains Authorization
26
No
Inform Customer
28
Terminate Transaction
30
Yes
Fill Order
32

FIG. 1


54
56
Customer
Merchant
58
Comp.
Tel.
Tel.
Comp.
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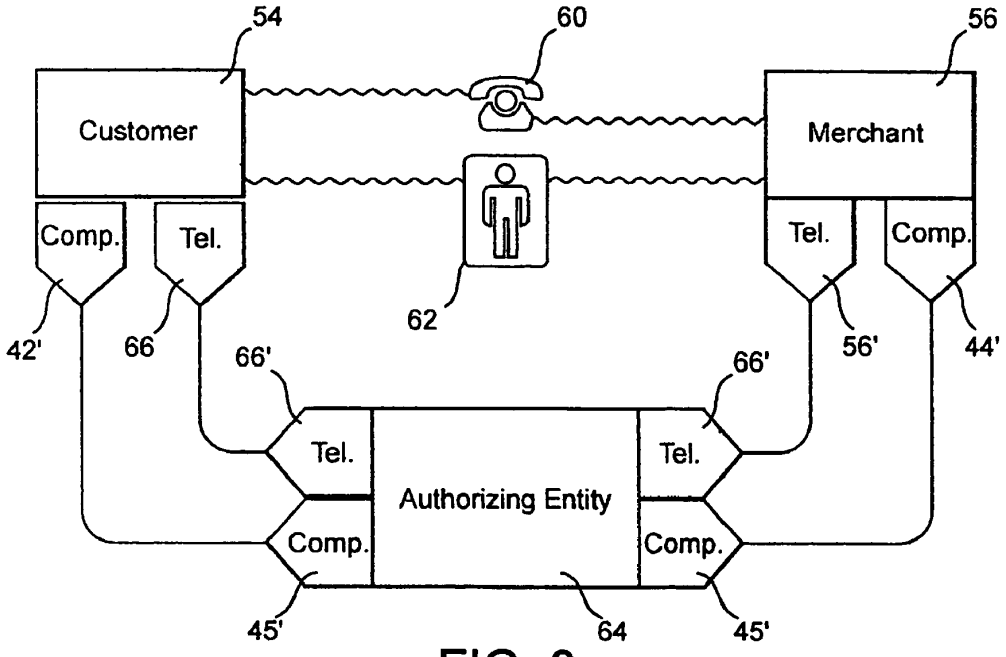
66
66'
66'
56'
44'
Tel.
Tel.
Authorizing Entity
Comp.
Comp.
45'
64
45'

FIG. 2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60
56
Customer
Merchant
Comp.
Tel.
Tel.
Comp.
62
42'
66
66'
66'
56'
44'
Tel.
Tel.
Authorizing Entity
Comp.
Comp.
45'
64
45'

FIG. 3

SYSTEM AND METHOD FOR PERFORMING SECURE CREDIT CARD PURCHASES

The present application is a Continuation of U.S. patent application Ser. No. 10/037,007, filed Nov. 4, 2001 now abandoned, which is a continuation-in-part of U.S. patent application Ser. No. 09/231,745, filed on Jan. 15, 1999, now U.S. Pat. No. 6,324,526, issued on Nov. 27, 2001.

BACKGROUND OF THE INVENTION

1. Field of the Invention

This invention relates to a system and method of performing secure credit card purchases in connection with remote commercial transactions, wherein a credit card holder does not have to reveal their credit card number to a merchant or a mechanism controlled by the merchant in order to accomplish a purchase, and wherein the merchant is still assured of the necessary credit verifications and approvals prior to authorizing and/or completing a credit card transaction, thereby increasing overall security by minimizing any access to credit card numbers without having to substantially modify or deviate from existing, accepted credit card transaction practices.

2. Description of the Related Art

The utilization of credit and debit cards to conduct transactions is ever increasing. This is especially the case with remote or "mail-order" transactions wherein merchants desire to be assured of a payment prior to shipping a product. For example, recent years have seen a substantial increase in the popularity of televised shopping networks to further supplement the popularity of catalogue type sales. Moreover, the increasing use and popularity of distributed computer networks such as the internet has also contributed to the dramatic increase in the number of remote commercial transactions conducted every day.

One primary reason associated with the rapid growth of remote commercial transactions is the ability of a merchant to reach an almost limitless number of potential customers at a substantially insignificant cost and with little or no operating overhead since an actual store is not required. Additionally, such sales techniques permit customers to view the products and services in a greatly expanded marketplace, representing a great number of vendors, without extensive travel and without foregoing the privacy and convenience of their home or other predetermined computer site in some cases. Simply put, a telephone or like communication avenue is all that is needed to place the consumer in contact with the merchant and complete the transaction.

The vast increase in popularity of remote commercial transactions conducted over the telephone or internet is further facilitated by the relatively simple protocols and procedures necessary to conduct such transactions. In particular, in order to complete a valid transaction, a merchant need not physically see the customer or the credit card, but must merely accept and enter a customer's credit card account number and an expiration date thereof to obtain authorization. This same convenience, however, is the primary disadvantage and/or problem associated with conducting commerce in the manners set forth above. Specifically, there is a great reluctance on the part of the customer to transmit the credit card account information, including the credit card number, because of the proliferation of fraud, and a well recognized lack of security directed to the protection of such account information. Indeed, it has been established that security and privacy concerns are realistic due to the fact that credit card account data is easily readable or interceptable by unauthorized parties, and can be readily used for all types of remote

transactions with minimal risk of being physically caught. In fact, unscrupulous individuals have many ways of gaining access to a consumer's legitimate remote transactions and thereby obtaining the credit card information. This information can be obtained from old credit card receipts or even from the unauthorized notation and use of the information by merchants or their employees after a legitimate transaction is made. Naturally, the latter is the most difficult to prevent utilizing known methods and systems unless a consumer is willing to completely forego the use of a credit card for purchases.

In the case of computerized remote transactions, as messages, including account data or other confidential information, move across the internet, they can easily pass through numerous computers, any one of which can be utilized to copy such confidential information or data, thereby leading to a further risk of potential fraud when conducting such transactions. Presently, some companies currently seek to address such security and privacy concerns by the employment of encryption programs and techniques. To this end there is an extensive facility associated with both public and private encryption schemes being deployed in order to guard the private or secured information being transmitted across the internet or like world wide networks. Unfortunately, however, even with such encryption techniques, the account information must usually still ultimately be transmitted to a third party who did not previously have access to that information previously. Even some more sophisticated systems which seek to interpose a separate computer or encryption entity between the consumer and the merchant so as to obtain authorization and forward it to the merchant, that information must still be made available to and/or transmitted to that third party, thereby leaving open an avenue for fraud or theft. Further, such encryption techniques, even if minimally effective for computerized remote transactions, are not truly useable for other conventional types of remote transactions, or even normal in person transactions.

Based on the above, there is an obvious need in the field of art associated with remote commercial transactions for a system and method of performing secure credit card purchases of goods and services which truly reduces the risk of potential fraud and theft by eliminating outside access to a consumer's private credit card information without requiring complex encryption equipment or significantly altering the ease and convenience of current transaction techniques. Further, such a system and method should also be effective for use in conventional, "in person" transactions as well, thereby providing an added measure of security and minimizing the hazards associated with the passing on of account information by unscrupulous merchants. Also, such a system should provide limits to potential loss or liability in a manner which does not impede the transaction.

SUMMARY OF THE INVENTION

The present invention is directed towards a system and method of performing secure credit card purchases, wherein payment for goods or services purchased is efficiently accomplished while eliminating the necessity of disclosure or dissemination of a consumers specific credit card number or other account data which the customer or other individual may wish to maintain in confidence. The system and method of the present invention incorporates the advantage of consummating the purchase by the customer through the selection of any one of a plurality of predetermined payment categories. Collectively, the payment categories represent a

variety of methods for accomplishing payment for a fixed transaction, a multiple transaction and/or a repeating transaction.

One embodiment of the system and method of the present invention comprises a customer receiving information, including specific data necessary for the purchase of any given product or service. This promotional information generated by the merchant can be received by any of a plurality of conventional means including advertisements, catalogues, computer network connections, direct person to person customer and merchant contact, telephone solicitation, mail orders, etc. Once the customer has identified the product or services which he/she wishes to purchase, the customer contacts and supplies a custodial authorizing entity with the requisite information concerning both the identification of a specific credit card or debit card account and a requested payment category. Additionally, security against unauthorized use of confidential account data may also preferably include information relating to the merchant's identification and/or location.

The custodial authorizing entity is preferably defined as the entity which has or has been assigned the custodial responsibility for the financial account data of a customer's credit card account, including a previous knowledge of the credit card number and other information such as credit limits, payment history, available credit amounts and other information which will determine the status of a given credit card account in terms of authorizing a requested payment for a current purchase.

As part of the security system for accomplishing a commercial transaction utilizing credit card or debit card payment, the custodial authorizing entity includes sufficient facilities, preferably including a processing computer or like applicable hardware for the generation of an exclusive transaction code. The transaction code is to be used in substitution for the credit card number and when utilized as authorized, will issue the merchant a credit approval, and will accomplish payment for the goods or services desired in the normal fashion normally associated with a credit or debit card transaction, without the publication or dissemination of an identifying credit card number for a specific customer's account to any entity that is not already aware of that information.

Further, a feature of the transaction code is its ability to indicate any one of preferably a plurality of predetermined payment categories which may be either requested by the customer or automatically chosen by the custodial authorizing entity based on the type of account or the type of purchase or other commercial transaction involved. Each of the payment categories are reflective of a different type of payment desired or required to consummate the intended purchase. More specifically, the plurality of payment categories may include a single transaction involving a specific dollar amount for a purchase within a specific time period, such as twenty four hours, during which authorization of the purchase remains valid. Alternately, a single transaction may be involved wherein a maximum limit or a dollar amount is determined above which the purchase will become invalidated and further wherein a fixed period of time is preferably established for maintaining authorization of such purchase. Other alternatives would involve one or more of the categories coded to define multiple transactions involving a maximum dollar amount for purchases, as well as a fixed period of time for authorization of such purchases, and/or a repeating transaction wherein payments may be automatically accessed by a merchant over a predetermined or unspecified time interval (such as every thirty days) for a specific dollar amount or a maximum dollar amount limit. Also, limits solely as to a specific merchant or a given time period can be effectively established for which the transaction code is valid.

A further feature of the present invention to be described in greater detail hereinafter, is the requirement that the transaction code, once received by the customer is transmitted to the merchant by the customer or a person specifically authorized by the customer. Only minimal contact by the merchant and the custodial authorizing entity is provided for purposes of the merchant verifying the validity of the transaction code utilizing a conventional process electronically or otherwise similar to the verification of a credit card number normally offered to a merchant for the purchase of goods or services. There is, therefore, no disclosure, publication or other dissemination of the specific credit card number of a given customer account beyond those entities who already know the information, and the transaction code is transmitted exclusively to the customer by the custodial authorizing entity who has the ability to better identify whether the customer is properly authorized to use the account. Moreover, the transaction code, once given out by the customer, only has a limited usefulness, thereby limiting the risk of misuse and minimizing the potential losses to be experienced by the credit card company and/or the account holder.

Accordingly, it is an object of the present invention to provide a system and attendant method for performing remote commercial transactions utilizing credit cards, which maximizes the security of the transaction and limits the potential liability to be experienced from a fraudulent transaction.

Yet another object of the present invention is to provide a secure system and method for establishing credit card purchases which eliminate the disclosure or dissemination of the actual credit card number to anyone other than a custodial authorizing entity which normally has custodial responsibilities for account information including the previously established credit card number.

It is another object of the present invention to provide a system and method of establishing secure credit card purchases through the generation of a transaction code which renders it extremely difficult or impossible to access or infiltrate a customer's credit card account by unauthorized means.

It is yet another object of the present invention to provide a secure method of completing a remote commercial transaction which eliminates the need to convey actual account information to a merchant, but which allows the merchant to conduct a normal verification of information needed to consummate a given purchase.

It is also an object of the present invention to provide a system and attendant method of accomplishing secure credit card purchases which eliminate the need to disclose or disseminate a given credit card number while providing the customer with the versatility of choosing any one of a plurality of predetermined payment categories.

It is yet another feature of the present invention to provide a system and method of accomplishing secure credit card payments having the versatility of allowing the customer to select any one of a plurality of payment categories which are indicative of a variance in the amount of a purchase as well as the time in which authorization for such payment is valid.

These and other objects, features and advantages of the present invention will become more clear when the drawings as well as the detailed description are taken into consideration.

BRIEF DESCRIPTION OF THE DRAWINGS

For a fuller understanding of the nature of the present invention, reference should be had to the following detailed description taken in connection with the accompanying drawings in which:

FIG. **1** is a schematic representation of a flow chart showing various steps involved in the performance of the system and method of the present invention for the secure credit card purchasing;

FIG. **2** is a schematic representation similar to that of FIG. **1** wherein customer to merchant contact is accomplished by conventional facilities such as television; and

FIG. **3** is a schematic representation similar that of FIG. **2** wherein customer to merchant contact is established either by phone or in person.

Like reference numerals refer to like parts throughout the several views of the drawings.

DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENT

As shown in the accompanying Figures, the present invention is directed towards a system and method for accomplishing secure credit card purchases. Moreover, these purchases can be "in person", but preferably include remote commercial transactions such as mail order, purchases over the internet, television solicitations, telephone solicitations, etc. Security is established by virtue of the elimination of the need to disclose an active credit card number and expiration date to the merchant or any other party other than the original credit card company, issuing bank or like financial institution which already has custodial responsibilities for the financial or account data associated with a given customer's credit card account.

More specifically and with reference to FIG. **1** the system as well as an attendant method is preferably instigated by the customer viewing a product, identifying a desired amount for a transaction and/or receiving promotional information as at **10**, either in person or by any of the electronic or more conventional techniques which will be described in greater detail with reference to FIGS. **2** through **3**. Once the customer reviews the product or promotional information and has sufficient information, such as including price, product or service identification, payment requirement, etc., regarding the remote commercial transaction to be conducted, the customer contacts, either by computer, telephone or in person, a custodial authorizing entity as at **12**. The custodial authorizing entity may herein be defined as comprising that entity or institution which has or has been designated by the entity which has custodial responsibility for the financial data and security of a given credit card account of a customer. As set forth above such custodial authorizing entity can be represented by the credit card company issuing a credit card to a given customer or alternately can be represented by a bank or other financial institution serving to sponsor a credit card or debit card to the extent of processing the debits and credit associated therewith. The authorizing entity's custodial responsibilities of course includes the previous knowledge and/or storage of the credit card number serving to identify a specific customer's credit card account. Once contacted, the customer then supplies appropriate identification data to inform the custodial authorizing entity of a specific customer's credit card account as at **14**. In addition, the customer will supply the custodial authorizing entity with additional required information needed to consummate the purchase as well as ensure the security of the account in order to prevent its unauthorized use. Such additional information may preferably include the identification of the merchant or merchants involved, when such information is deemed necessary, and a requested one of a plurality of predetermined payment categories to facilitate consummation of the purchase of the products or services desired. Such predetermined plurality of payment categories will be discussed in greater detail hereinafter.

Once the appropriate information has been received from the customer as indicated at **16**, the custodial authorizing entity verifies the credit card status and account identification of the customer to determine the viability of the account in terms of dollar amount limits, payment history, available credit balance, etc. If the accessed credit card account is not in good standing, the custodial authorizing entity will permanently or temporarily terminate the transaction as at **18** and/or communicate to the customer directly as at **18'** by any applicable means for purposes of informing the customer of the unacceptable status of the accessed credit card account. If the credit card account is in good standing, based at least in part on the requested payment category, (amount of payment), the custodial authorizing entity generates a transaction code as at **20**. The transaction code is used in substitution for the specific credit card number which would normally identify a customer's credit card account and would allow access thereto by any entity having possession of the credit card number whether or not such possession was authorized or unauthorized. More specifically, the transaction code is pre-coded to be indicative of a specific credit card account, preferably a merchant or merchants identification and a designated payment category, selected from the plurality of predetermined payment categories as set forth above. Once generated, the transaction code is communicated exclusively to the authorized and verified customer by the custodial authorizing entity as at **22**, wherein the system and method of the present invention preferably restricts communication between the custodial authorizing entity and the merchant except to conduct a normal verification as will be explained.

The verified customer thereafter and preferably within a time limit to be determined by the customer and pre-coded in association with the transaction code, will directly or through an authorized representative communicate the transaction code to the merchant as at **24**. The system and method of the preferred embodiment of the present invention contemplates that only the verified customer will transmit the generated transaction code to the merchant in the case of a remote commercial transaction, thereby limiting knowledge of the transaction code to those parties having a need to know. Of course, however, as the transaction code will generally have a limited value as defied by the verified customer when obtained, the verified customer may designate an agent or other entity to act as the customer on his/her behalf, with the amount of potential liability to be experienced by such a transaction to be limited to the amount defined by the verified customer when obtaining the transaction code.

At this point the purchase is consummated at least from the customer standpoint in that the customer has previously established the acceptable status of the account. Therefore the customer feels free to disclose the transaction code to the merchant or merchants instead of the actual credit card number as at **22**, **24** and is relatively unconcerned if the transaction code is published or otherwise disseminated to unauthorized entities. In a preferred embodiment wherein a merchant identifier is pre-coded in association with the transaction code, the pre-coding of the transaction code will prohibit an unauthorized use due at least in part to the fact that the merchant is specifically identified and any attempt to use the transaction

code other than by the identified merchant will be prohibited. In addition, the merchant is prevented from "overcharging" or "extending" the purchase by fixing the dollar amount to satisfy the specific cost or limit of the purchase as well as a specific time limit or time parameters in which the authorization for payment is valid. Such information, as set forth above, is communicated by the requested and subsequently designated payment category as set forth above. Restricted communication between the merchant and the custodial authorizing entity as at **26** is permitted exclusively for purposes of verification of the transaction code in a manner, which may utilize, at least to some extent, conventional facilities for the verification of a credit card number by most merchants or like commercial establishments. As a result, the merchant also has a desired verification as to the validity of a transaction and can effectively make arrangements to be paid by the credit card company.

If for some reason the transaction code is refused verification, the customer may be informed directly by the merchant as at **28** and or the transaction may be terminated as at **30**. Assuming verification of the transaction code by the custodial authorizing entity, the merchant proceeds to consummate the purchase and send the order, as at **32**, in the case of a remote commercial transaction.

FIGS. **3** and **4** are representative of the versatility of the system and method of the present invention wherein the customer **54** may receive the aforementioned promotional information from the merchant **56** by any appropriate means such as television solicitation as at **58**, phone solicitation as at **60** and/or personal solicitation as at **62**. Once the customer receives the promotional information, which may include the viewing of the product itself, or in advance if a general estimate as to the ultimate cost of an anticipated purchase(s) can be made prior to viewing promotional information, the customer contacts the custodial authorizing entity **64** by any appropriate electronic or conventional facilities such as direct phone to phone contact as at **66** and **66'** or direct computer contact as at **42'**, **45'**. Once the customer's authorization is confirmed, details of the anticipated transaction are established so as to determine a payment category, and a transaction code is issued to the customer. The customer, either directly or through a representative, can then utilize the transaction code to consummate a transaction within the defined parameters of the payment category. Moreover, the merchant **56**, through a conventional, yet restricted communication with the custodial authorizing entity **64** by any of a plurality of conventional or electronic methods using computer to computer linking as at **44'**, **45'** or by telephone transmission as at **56'**, **66'**, can obtain a verification and subsequent payment utilizing the transaction code only.

As emphasized above, an important feature of the present invention is the ability of the customer to request a desired or a required payment category and the ability of the custodial authorizing entity **64** and/or a processing computer **45** of the custodial authorizing entity to issue a transaction code in accordance with the payment category. The payment categories, may be collectively defined as a variety of different types of transactions. Such transactions may include a single transaction for a specific amount of a purchase to be consummated. Alternatively, the payment category may include a single transaction defined by a single purchase having a maximum limit amount, wherein the specific or precise cost of the purchase has not been determined for a variety of reasons, and as such, the customer desires to set a maximum amount for which the single transaction may be made. Accordingly, with such a payment category, the exact amount may not be known in advance, but the customer is assured of not paying over the specifically designated maximum limit. In addition, the transactions are preferably, but not necessarily, authorized to be conducted only over a fixed life period of time, such as within twenty four hours, thereby ensuring that an outstanding transaction code does not remain valid if not used as generally intended. This limited time period can, of course be varied or omitted depending upon the wishes of the customer and/or the policies of the custodial authorizing entity. Also, these or any other payment category transactions may include a specific merchant identification to further restrict use of the transaction code.

The payment category may also include a multi-transaction authorization wherein more than one purchase may be made from one or a plurality of different merchants, each of which may or may not be identified by the customer and pre-coded in association with the transaction code, and wherein a total cost of the plurality of purchases may not exceed a maximum limit amount. This transaction can also be limited to having to take place within a predetermined, designated fixed life span, such as but not limited to twenty four hours. Accordingly, in some instances wherein a customer, or an agent of the customer, such as a child, guardian, or care giver, must make a number of transactions or purchases which are authorized by the customer, the customer may designate a maximum amount which can be spent utilizing a particular transaction code within a predetermined period of time, and/or can designate that only one merchant, whether designated or not, can use the transaction code.

As yet another alternative, the payment category may include a repeating transaction for a specific amount to be paid in each of a fixed number of intervals. For example, the customer may which to join a gym or receive services or products over a fixed number of payment intervals, such as every thirty days. Accordingly, the merchant will be authorized to charge the credit card account designated by the corresponding transaction code a fixed monthly payment. Similarly, a repeating transaction for a stated minimum interval such as every thirty days may be authorized for a specific amount for an unspecified number of intervals wherein the merchant will be authorized to continuously obtain payment on a "monthly" basis until the customer decides to cancel such authorization.

Since many modifications, variations and changes in detail can be made to the described preferred embodiment of the invention, it is intended that all matters in the foregoing description and shown in the accompanying drawings be interpreted as illustrative and not in a limiting sense. Thus, the scope of the invention should be determined by the appended claims and their legal equivalents.

Now that the invention has been described,

What is claimed is:

1. A method of performing secure credit card purchases, said method comprising:

a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;

b) supplying said custodial authorizing entity with at least account identification data of said customer's account;

c) defining a payment category including at least limiting purchases to a single merchant for at least one transaction, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;

d) designating said payment category thereby designating at least that a transaction code generated in accordance with said payment category can be used by only one merchant;

e) generating a transaction code by a processing computer of said custodial authorizing entity, said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category;

f) communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters;

g) verifying that said defined purchase parameters are within said designated payment category; and

h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.

2. The method of claim **1** further comprising the step of designating said single merchant subsequent to generating said transaction code.

3. The method of claim **1** wherein said step of communicating the transaction code to said merchant to consummate said purchase within defined purchase parameters further comprises designation of said single merchant.

4. The method of claim **1** wherein said step of generating said transaction code further comprises said customer obtaining said transaction code.

5. The method of claim **1** further comprising obtaining said authorization for said purchase from the custodial authorizing entity.

6. The method of claim **1** further comprising a step of communicating promotional information of offered subject matter to the customer by the merchant, pre-determining the purchase parameters of the purchase, and corresponding said designated payment category to said purchase parameters.

7. The method of claim **1** further comprising the merchant communicating the transaction code to the custodial authorizing entity for verification.

8. The method of claim **1** further comprising generating a transaction code which reflects at least one of a plurality of said payment categories.

9. The method of claim **8** further comprising defining at least one of said plurality of payment categories to include amount parameters for a cost of one or more purchases.

10. The method of claim **8** further comprising defining at least one of said plurality of payment categories to include time parameters during which the purchase can be completed.

11. The method of claim **8** further comprising defining at least one of said plurality of payment categories to include using said transaction code for a single transaction at a fixed amount for purchase within a predetermined period of time.

12. The method of claim **8** further comprising defining at least one of said plurality of payment categories to include using said transaction code for a single transaction at a maximum amount for purchase within a predetermined period of time.

13. The method of claim **12** further comprising defining at least one of said plurality of payment categories to include limiting purchases to said single transaction at said maximum amount for purchase within said predetermined period of time.

14. The method of claim **8** further comprising defining at least one of said plurality of payment categories to include using said transaction code for at least two purchases at a maximum total amount for items purchased within a predetermined time period.

15. The method of claim **14** further comprising defining at least one of said plurality of payment categories to include limiting purchases to said at least two purchases at said maximum total amount for items purchased within said predetermined time period.

16. The method of claim **8** further comprising defining at least one of said plurality of payment categories to include using said transaction code for at least two purchases for a repeating transaction at a fixed amount payable at each of a fixed number of time intervals.

17. The method of claim **16** further comprising defining at least one of said plurality of payment categories to include limiting purchases to said repeating transaction at said fixed amount payable at each of said fixed number of time intervals.

18. The method of claim **8** further comprising defining at least one of said plurality of payment categories to include using said transaction code for a repeating transaction at a fixed amount payable at each of an unspecified number of time intervals.

19. The method of claim **18** further comprising defining at least one of said plurality of payment categories to include limiting purchases to said repeating transaction at said fixed amount payable at each of said unspecified number of time intervals.

20. The method of claim **8** wherein said plurality of payment categories further include at least one of the group consisting of:

a) using said transaction code for a single transaction at a fixed amount for a purchase within a predetermined period of time,

b) using said transaction code for a single transaction at a maximum amount for a purchase within a predetermined period of time,

c) using said transaction code for multiple transactions at a maximum total amount for purchases within a predetermined time period,

d) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of a fixed number of time intervals, and

e) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of an unspecified number of time intervals.

21. The method of claim **8** wherein said plurality of payment categories further include at least one of the group consisting of:

a) using said transaction code for a single transaction at a fixed amount for a purchase,

b) using said transaction code for a single transaction at a maximum amount for a purchase,

c) using said transaction code for multiple transactions at a maximum total amount for purchases,

d) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of a fixed number of time intervals, and

e) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of an unspecified number of time intervals.

22. The method of claim **1** further comprising generating said transaction code to further reflect an identification of said single merchant.

23. The method of claim **22** further comprising defining said payment category to include limiting purchases to a limited time interval during which said purchase is permitted.

24. A method of performing secure credit card purchases, said method comprising:

a) identifying a pre-established account that is used to make credit card purchases;

b) designating at least one of a plurality of pre-defined payment categories which limit a nature of a subsequent

purchases, at least one of said payment categories including limiting purchases to a single merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;

c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account, said transaction code associated with at least said pre-established account and the limits of said selected payment category, and different from said pre-established account;

d) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters;

e) verifying that said defined purchase parameters correspond to said designated payment category; and

f) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase; and

g) associating the purchase with said pre-established account.

25. A method of performing secure credit card purchases, said method comprising:

a) identifying a pre-established account that is used to make credit card purchases;

b) selecting a predetermined payment category which limits a nature, of a series of subsequent purchases to a single merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;

c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account, said transaction code associated with at least said pre-established account and the limits of said selected payment category and different from said pre-established account;

d) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters;

e) verifying that said defined purchase parameters correspond to said selected payment category;

f) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and

g) associating the purchase with said pre-established account.

26. The method of claim **25** wherein said step of selecting said payment category which limits said nature of said series of subsequent purchases to said single merchant further comprises limiting said nature of said series of subsequent purchases to a fixed amount for each of said subsequent purchases.

27. The method of claim **25** wherein said step of selecting said payment category which limits said nature of said series of subsequent purchases to said single merchant further comprises limiting said nature of said series of subsequent purchases to a maximum total amount for said subsequent purchases.

28. The method of claim **25** wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as said single merchant.

29. A method of performing secure credit card purchases, said method comprising the steps of:

a) identifying a pre-established account that is used to make credit card purchases;

b) selecting a pre-determined payment category which limits a nature of a subsequent purchase to a single merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;

c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account, said transaction code associated with at least said pre-established account and the limits of said selected payment category, and different from said pre-established account;

d) designating a merchant as said single merchant;

e) communicating said transaction code to said merchant to consummate a purchase within defined purchase parameters;

f) verifying that said defined purchase parameters correspond to said selected payment category;

g) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and

h) associating the purchase with said pre-established account.

30. The method of claim **29** wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as said single merchant.

* * * * *

UNITED STATES PATENT AND TRADEMARK OFFICE

CERTIFICATE OF CORRECTION

PATENT NO. : 7,840,486 B2
APPLICATION NO. : 11/252009
DATED : November 23, 2010
INVENTOR(S) : John D'Agostino

It is certified that error appears in the above-identified patent and that said Letters Patent is hereby corrected as shown below:

Column 7, line 25,

replace "FIGS. 3 and 4"
with -- FIGS. 2 and 3 --

Column 11, line 9, claim 24.c)

replace "said selected payment category"
with -- said designated payment category --

Signed and Sealed this
Twenty-sixth Day of April, 2011

David J. Kappos

David J. Kappos
Director of the United States Patent and Trademark Office

UNITED STATES PATENT AND TRADEMARK OFFICE

CERTIFICATE OF CORRECTION

PATENT NO. : 7,840,486 B2
APPLICATION NO. : 11/252009
DATED : November 23, 2010
INVENTOR(S) : John D'Agostino

It is certified that error appears in the above-identified patent and that said Letters Patent is hereby corrected as shown below:

Column 9, line 7, claim 1.f)

replace "purchase with defined"
with -- purchase within defined --

Signed and Sealed this
Twelfth Day of February, 2013

Teresa Stanek Rea

Teresa Stanek Rea
Acting Director of the United States Patent and Trademark Office

The reasons for allowance for all the other independent claims and dependent claims are the same as set forth for claim 1 above because they all include same/similar limitation indicated above for the reasons for allowance.

Discussion of Cited Prior Art

3. The applicant's arguments filed in response dated March 21, 2011, see pages 12-17 for instant application are persuasive and compelling that the cited prior art of Franklin et al., (U.S. Patent No. 6,000,832) in view of Yanagihara et al. (U.S. Pub No. 2001/0011249) alone or combined, does neither disclose or renders obvious the unique features as listed above.

Applicants' arguments filed for instant application on 03/21/2011 and for patented parent application 11/252,009 (Patent No. 7,840,486) on 07/26/2010 have been fully considered, are deemed to be persuasive. Therefore, **claims 1-22** are deemed to be allowable over the prior art of record, and applicants' request for allowance is respectfully granted

Any comments considered necessary by applicant must be submitted no later than the payment of the issue fee and, to avoid processing delays, should preferably accompany the issue fee. Such submissions should be clearly labeled "Comments on Statement of Reasons for Allowance".

Conclusion

4. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Bijendra K. Shrestha whose telephone number is (571)

D. The 35 U.S.C. § 103(a) Rejections are Overcome

Claims 1-22 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent 6,000,832 to Franklin et al. (hereinafter Franklin) in view of U.S. Publication 2001/0011249 to Yanagihara (hereinafter Yanagihara). This rejection is respectfully traversed.

1. Claim 1

By the foregoing amendment to claims, claim 1 is amended from "designating a payment category" to -- designating said payment category" only to correct formalities relating to correct antecedent basis for "payment category" in the designation step. Claim 1 is directed towards a method of performing secure credit card purchases and includes the step of defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants (emphasis added).

Contrary to the Office's contention, Franklin requires that a particular merchant for a specific transaction to be known and identified to generate the transaction code by entering transaction-specific data into a MAC coding unit for generating a transaction account number that is specific to the identified merchant (column 9, lines 48-64). Whereas, the Applicant's claimed method does not identify a merchant prior to the generation of the transaction code.

Clearly Yanagihara does not cure this deficiency as it is been cited solely to teach predefining and association a transaction code with a payment category. Thus, claim 1 is patentable over Franklin in view of Yanagihara. Accordingly, reconsideration and withdrawal of the rejection are respectfully requested.

2. Claim 17

Claim 17 is directed towards a method of performing secure credit card purchases and includes the step of selecting a predetermined payment category which limits a nature, of a series of subsequent purchases to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants (emphasis added).

While claim 17 differs in scope from claim 1, claim 17 and all of its dependents are patentable over Franklin in view of Yanagihara for the same reasons provided above with respect to claim 1. Accordingly, reconsideration and withdrawal of the rejection are respectfully requested.

3. Claim 21

Claim 21 is directed toward a method for implementing a system for performing secure credit card purchases including the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant, said single merchant limitation being included in

said payment category prior to any particular merchant being identified as said single merchant (emphasis added).

While claim 21 differs in scope from claim 1, claim 21 is patentable over Franklin in view of Yanagihara for the same reasons provided above with respect to claim 1. Accordingly, reconsideration and withdrawal of the rejection are respectfully requested.

4. Claim 22

Claim 22 is directed towards a method for implementing a system for performing secure credit card purchases including the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants (emphasis added).

While claim 22 differs in scope from claim 1, claim 22 is patentable over Franklin in view of Yanagihara for the same reasons provided above with respect to claim 1. Accordingly, reconsideration and withdrawal of the rejection are respectfully requested.

E. Office's Remarks Regarding Intended Use Language

The Office, in the Remarks section of the Office Action, makes a reference to intended use claim language that has been *italicized* in the action which no patentable weight has been given. The Applicant respectfully notes functional limitations must be

a) contacting a custodial authorizing entity having custodial responsibility of account parameters of customer's account that is used to make credit card purchases (see Fig. 1; Issuing Bank (26) connected to customer (22) and merchant (24) connected by Internet (34); column 4, lines 3-9; where commerce card is issued by credit card companies or card sponsoring companies);

b) supplying *said* custodial authorizing entity with at least account identification data of said customer's account (see Fig. 4; Fig. 7);

c) defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants (see column 9, lines 52-55; where code specific to a merchant is generated by the software supplied by the issuing bank installed on customer computer as described in column 2, lines 18-37; Examiner notes merchant ID code generated by the computer hides the identity of the merchant);

d) designating said payment category (see column 2, lines 27-37; where code generated include merchant ID);

e) generating a transaction code by a processing computer of said custodial authorizing entity, said transaction code reflecting at least the limits of said designated payment category *to make a purchase within said designated payment category* (see column 2, lines 17-21; where transaction code is obtained from a computer using customer account number and private key and software modules supplied by the issuing bank).

f) communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters (see Fig. 3; column 5, lines 41-58);

g) verifying that said defined purchase parameters are within said designated payment category (see column 5, lines 59-67 to column 6, lines 1-12); and

h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and *to authorize payment required to complete the purchase* (see column 12, lines 27-48).

Franklin et al. teach generating a transaction code with transaction specific data (see Fig. 4; Transaction Specific Data which include good identification; column 9, lines 40-43) and but do not teach predefining and associating with the payment categories.

Yanagihara et al. teach predefining and associating the transaction code with the payment categories (see Fig. 2: Fig. 4; paragraph [0019]

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to allow predefining and associating the transaction code with the payment categories of Franklin et al. because Yanagihara et al. teach that including above features would enable user to use usage identification code which indicates purpose of use and usage limit to indicate maximum amount to withdraw (Yanagihara et al., paragraph [0019]).

4. As per claim 2, Franklin et al. in view of Yanagihara et al. teach claim 1 as described above.

Franklin et al. further teaches the method comprising step of designating at least **one of** said one or more merchant subsequent to generating said transaction code (see Fig. 4; transaction specific data that include merchant ID).

5. As per claim 3, Franklin et al. in view of Yanagihara et al. teach claim 1 as described above.

Franklin et al. further teaches the method wherein

step of communicating the transaction code to said merchant to consummate said purchase within defined purchase parameters further comprises designation of said merchant as **one of** said one or more merchants (see Fig. 4; column 9, lines 18-30; column 49-58).

6. As per claim 4, Franklin et al. in view of Yanagihara et al. teach claim 1 as described above.

Franklin et al. further teaches the method wherein

said step of generating said transaction code further comprises said customer obtaining said transaction code (see column 3, lines 21-37; where transaction code is obtained from a computer using customer account number and private key and software modules supplied by the issuing bank).

7. As per claims 5-8, Franklin et al. in view of Yanagihara et al. teach claim 1 as described above.

Franklin et al. further teach the method comprising generating a transaction code which reflects at least one of a plurality of said payment categories that include amount parameters for a cost of one or more purchases, time parameters during which the

purchase can be completed, parameters permitting use of said transaction code for a single transaction for purchase within a predetermined period of time (see Fig. 4, column 2, lines 30-32; column 9, lines 49-58; column 10, lines 52-65; where transaction code include single purchase for specific amount for specific finite time period).

8. As per claims 9-14, Franklin et al. in view of Yanagihara et al. teach claim 1 as described above.

Franklin et al. do not teach defining at least one payment category to include limiting purchases to a single transaction at a maximum amount for purchase within a predetermined period of time; limiting purchase to at least two purchases at a maximum total amount for items purchased within a predetermined time period; using said transaction code for at least two purchases for a repeating transaction at a fixed amount payable at each of a fixed number of time intervals; limiting purchases to said repeating transaction at said fixed amount payable at each of said fixed number of time intervals; using said transaction code for a repeating transaction at a fixed amount payable at each of an unspecified number of time intervals; and defining at least one payment category to include limiting a repeating transaction to a maximum dollar amount.

Yanagihara et al. teach storing a restrictive condition for withdrawal of amount from the money card and application of the predetermined condition during withdrawal of the money from the card (Yanagihara et al., Fig. 2, Payment Condition (209) and Transaction Record (210); paragraph [0005], [0006] and 0019]; the Examiner notes any above preconditions in claims 9-13 can be set in Payment Condition (209) in Fig. 2).

Therefore, it would be prima facie obvious to one of ordinary skill in the art at the time the invention was made to allow storing a restrictive condition for withdrawal of amount from the money card and application of the predetermined condition during withdrawal of the money from the card of Franklin et al. because Yanagihara et al. teach that including above features would enable user to use usage identification code which indicates purpose of use (Yanagihara et al., paragraph [0019]).

9. As per claim 15, Franklin et al. in view of Yanagihara et al. teach claim 1 as described above.

Franklin et al. further teaches the method defining said payment category to include limiting purchases to a limited time interval during which said purchase authorization is permitted (column 10, lines 52-65).

10. As per claim 16, Franklin et al. in view of Yanagihara et al. teach claim 1 as described above.

Franklin et al. further teach the method comprising

communicating said transaction code to the customer at the location of the merchant for use in person (see column 5, lines 41-47; where customer submit transaction code to merchant which examiner interpreted as in person as well as via Internet connection).

11. As per claim 17-19, Franklin et al. teach a method of performing secure credit card purchases, said method comprising

a) identifying a pre-established account that is used to make credit card purchases; b) designating payment limiting purchases to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as **one of** said one or more merchants (see column 2, lines 9-21; column 4, lines 3-9; where commerce card is issued by credit card companies or card sponsoring companies; column 9, lines 49-58; where code number include merchant specific code for particular merchant);

c) generating a transaction code by a custodial authorizing of said pre-established account, said transaction code associated with at least said pre-established credit card account and the limits of said selected payment category, and different from said pre-established credit card account (see Fig. 4, column 2, lines 22-35);

d) communicating said transaction code to a merchant *to consummate a purchase within defined purchase parameters* (see column 2, lines 35-38);

e) verifying that said defined purchase parameters correspond to said designated payment category (see column 2, lines 47-64); and

f) providing authorization for said purchase so as *to confirm at least that said defined purchase parameters are within said designated payment category and complete the purchase* (see column 2, lines 65-67 to column 3, lines 1-6); and

g) associating the purchase with said pre-established account (see column 12, lines 34-43).

Franklin et al. teach generating a transaction code with transaction specific data (see Fig. 4; Transaction Specific Data which include good identification; column 9, lines

40-43) and but do not teach selecting a predetermined payment category which limits a nature, of a series of subsequent purchases.

Yanagihara et al. teach predefining and associating the transaction code with the payment categories (see Fig. 2: Fig. 4; paragraph [0019]

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to allow predefining and associating the transaction code with the payment categories of Franklin et al. because Yanagihara et al. teach that including above features would enable user to use usage identification code which indicates purpose of use and usage limit to indicate maximum amount to withdraw (Yanagihara et al., paragraph [0019]).

12. As per claim 20, Franklin et al. in view of Yanagihara et al. teach claim 19 as described above. Franklin et al. further teaches the method wherein

said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as **one of** said one or more merchants (see Fig. 4, column 9, lines 43, 52-55).

21. As per claim 21-22, Franklin et al. teach a method for implementing a system for performing secure credit card purchases, the method comprising:

a) receiving account information from an account holder identifying an account that is used to make credit card purchases (see Fig. 2; Registration Module (56);

column 7, lines 26-33; where account holder completes online application providing credit card information to issuing bank); column

b) receiving a request from said account holder for a transaction code (see column 7, lines 46-67; where issuing bank issues credit card like online commerce card having 16-digit number, if approved) *to make a purchase within a payment category that at least limits transactions to a single merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant* (see column 9, lines 52-55; where code specific to a merchant is generated by the software supplied by the issuing bank installed on customer computer as described in column 2, lines 18-37; Examiner notes merchant ID code generated by the computer hides the identity of the merchant);

c) generating a transaction code utilizing a processing computer of a custodial authorizing entity, said transaction code associated with said account and reflecting at least the limits of said payment; d) communicating said transaction code to said account holder (see column 2, lines 17-21; where transaction code is obtained from a computer using customer account number and private key and software modules supplied by the issuing bank).

e) receiving a request to authorize payment for a purchase using said transaction code (see column 5, lines 59-63);

f) authorizing payment for said purchase if said purchase is within said payment category (see column 2, lines 65-67 to column 3, lines 1-6).

Reasons for Allowance

3. With regards to claim 1, the prior art of records does neither anticipate nor render obvious, inter alia, as a whole, the uniquely patentable feature of: "*defining a payment category including at least limiting purchases to a single merchant for at least one transaction, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant*" in a method of performing secure credit card purchases.

The reasons for allowance for all the other independent claims and dependent claims are the same as set forth for claim 1 above because they all include same/similar limitation indicated above for the reasons for allowance.

Discussion of Cited Prior Art

4. The applicant's arguments/remarks filed in response dated July 26, 2010, see pages 16-22 are persuasive and compelling that the cited prior art of Franklin et al., U.S. Patent No. 6,000,832, Yanagihara et al. U.S. Pub No. 2001/0011249, and Langhans et al., U.S. Patent No. 5,500,513 does neither disclose or renders obvious the unique features as listed above.

Any comments considered necessary by applicant must be submitted no later than the payment of the issue fee and, to avoid processing delays, should preferably accompany the issue fee. Such submissions should be clearly labeled "Comments on Statement of Reasons for Allowance".

PTO/SB/08A (09-06)
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INFORMATION DISCLOSURE STATEMENT BY APPLICANT

(Use as many sheets as necessary)

Sheet 4 of 7

Complete if Known	
Application Number	11/252,009
Filing Date	October 17, 2005
First Named Inventor	John D'Agostino
Art Unit	3691
Examiner Name	Bijendra K. Shrestha
Attorney Docket Number	1.706-B.04

U. S. PATENT DOCUMENTS

Examiner Initials*	Cite No.[1]	Document Number Number-Kind Code[2] *(if known)*	Publication Date MM-DD-YYYY	Name of Patentee or Applicant of Cited Document	Pages, Columns, Lines, Where Relevant Passages or Relevant Figures Appear
		US- 5,893,907	04/13/1999	Ukuda	
		US- 5,903,878	05/11/1999	Talati et al.	
		US- 5,953,710	09/14/1999	Fleming	
		US- 5,956,699	09/21/1999	Wong et al.	
		US- 5,984,180	11/16/1999	Albrecht	
		US- 6,000,832	12/14/1999	Franklin et al.	
		US- 6,029,890	02/29/2000	Austin	
		US- 6,144,948	11/07/2000	Walker et al.	
		US- 6,163,771	12/19/2000	Walker et al.	
		US- 6,188,761 B1	02/13/2001	Dickerman et al.	
		US- 6,240,397 B1	05/29/2001	Sachs	
		US- 6,267,292 B1	07/31/2001	Walker et al.	
		US- 6,298,335 B1	10/02/2001	Bernstein	
		US- 6,324,526 B1	11/27/2001	D'Agostino	
		US- 6,339,766 B1	01/15/2002	Gephart	
		US- 6,341,724 B2	01/29/2002	Campisano	
		US- 6,343,279 B1	01/29/2002	Bissonette et al.	
		US- 6,375,084 B1	04/23/2002	Stanford et al.	
		US- 6,422,462 B1	07/23/2002	Cohen	

FOREIGN PATENT DOCUMENTS

Examiner Initials*	Cite No.[1]	Foreign Patent Document Country Code[3]-Number[4]-Kind Code[5] *(if known)*	Publication Date MM-DD-YYYY	Name of Patentee or Applicant of Cited Document	Pages, Columns, Lines, Where Relevant Passages Or Relevant Figures Appear	T[6]
		GB 2 361 790 A	10/31/01	Arndt et al.		
		WO 00/42486	07/20/2000	D'Agostino		

Examiner Signature	/Bijendra K. Shrestha/	Date Considered	08/13/2010

*EXAMINER: Initial if reference considered, whether or not citation is in conformance with MPEP 609. Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant. [1]Applicant's unique citation designation number (optional). [2]See Kinds Codes of USPTO Patent Documents at www.uspto.gov or MPEP 901.04. [3] Enter Office that issued the document, by the two-letter code (WIPO Standard ST.3). [4] For Japanese patent documents, the indication of the year of the reign of the Emperor must precede the serial number of the patent document. [5]Kind of document by the appropriate symbols as indicated on the document under WIPO Standard ST.16 if possible. [6]Applicant is to place a check mark here if English language Translation is attached.

This collection of information is required by 37 CFR 1.97 and 1.98. The information is required to obtain or retain a benefit by the public which is to file (and by the USPTO to process) an application. Confidentiality is governed by 35 U.S.C. 122 and 37 CFR 1.14. This collection is estimated to take 2 hours to complete, including gathering, preparing, and submitting the completed application form to the USPTO. Time will vary depending upon the individual case. Any comments on the amount of time you require to complete this form and/or suggestions for reducing this burden, should be sent to the Chief Information Officer, U.S. Patent and Trademark Office, P.O. Box 1450, Alexandria, VA 22313-1450. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. **SEND TO: Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.**

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ALL REFERENCES CONSIDERED EXCEPT WHERE LINED THROUGH. /BKS/

2. Claims 27, 28, 32 and 34

The Office Contends the amendment to claims 27, 28, 32 and 34 filed December 10, 2009 where the amendment replaced the phrase "credit-card" account by "pre-established" account broadens the claim limitation without support in the specification. Action at pg. 4. This is not correct.

Initially, with reference to originally filed claims 27, 28, 29 and 33, support for this amendment is clearly found. Further, the there was no antecedent basis for the recitation of "credit card account", and the recitation of "account" is clearly in reference to the recited "pre-established account" in line 2 of claim 27 and line 2 of claim 28. In view of the foregoing amendment, the rejection is moot with respect to claims 32 and 34.

Accordingly, the rejections have been overcome.

E. The 35 U.S.C. § 103 Rejections Are Overcome

Claims 1, 3-4 and 6-43 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over US 6,000,832 to Franklin et al. in view of US 2001/0011249 to Yanagihara et al. further in view of US 5,5000,513 to Langhans et al. This rejection is respectfully traversed.

1. Claims 1, 3, 4 and 6-26

The Office correctly notes Franklin et al. as modified by Yanagihara et al. does not teach the recited feature "said single merchant limitation being included in said

payment category prior to any particular merchant being identified as said single merchant". Action at pg. 7. The Office contends Langhans et al. teaches the disputed claimed feature, and asserts "it would be obvious to one of ordinary skill in the art at the time the invention was made to allow said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant of Franklin et al. because Langhans et al. teach that including above features would enable to control application of certain authorization parameters based [on] merchant category codes (Langhans et al., column 12, lines 20-23)". The Office further contends the disputed claimed feature is taught in Langhans et al. wherein "Langhans et at. teach a vendor list features which restrict and consolidate spending to specific merchants. Based on comparison of vendor data stored in the electronic approved vendor list and the merchant information transmitted in authorization request, the purchase is approved or disapproved (Langhans et al. column 2, lines 45-55). In Fig. 10, steps 128 and 130, Langhans et al. specifically teach Test 130 determines if a particular vendor is on an approved vendor list (Langhans et al., column 7, lines 65-67). Action at pg. 22.

The Applicant respectfully disagrees. Initially, it is important to note Langhans et al. is directed towards an automated purchasing control system which can be customized according to a business's hierarchal structure. Langans et al. teaches merchant type category codes for grouping lists of identified and approved vendors to which a transaction from a specific account can be compared against to determine if the account

has been authorized to consummate a purchase within an approved merchant category code and if the merchant is on an approved vendor list. Langhans et al. is not directed towards generating a temporary account number on a transactional basis.

Contrary to the Office's contention, comparing merchant information transmitted in an authorization request against vendor data stored in an approved vendor list and determining if a particular vendor is on an approved vendor list **does not** teach a single merchant limitation being included in a payment category prior to any particular merchant being identified as said single merchant.

Langhans et al. is clear a vendor must be on an approved vendor list or the transaction will be declined (col. 2, lines 50-55). In order to be included on an approved vendor list, a vendor must be identified. This is directly opposite to the recited claimed feature "prior to any particular merchant being identified as said single merchant." Moreover, there is nothing in Langhans et al. that teaches a transaction being limited to a single merchant. The Office cannot consistent with the specification of Langhans et al. read "an approved vendor list" to mean "a single merchant limitation being included in a payment category prior to any particular merchant being identified as said single merchant" as recited by the Applicant's claim 1.

Franklin et al. requires that a particular merchant for a specific transaction to be known and identified to generate the transaction code by entering the transaction-specific

data into a MAC coding unit for generating a transaction account number (column 9, lines 48-64).

Further, not only does Langhans et al not teach the disputed claim limitation, and contrary to Office's assertion, it would not have been obvious to a person of ordinary skill in the art at the time of the invention to allow said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant of Franklin et al. because Langhans et al. teach that including above features would enable to control application of certain authorization parameters based on merchant category codes.

Dispensing with a known and identified merchant for a specific transaction being entered in to the MAC coding unit to generate a transaction account number in favor of the claimed said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant defies the common sense approach to obviousness set forth in Supreme Courts ruling in *KSR Int'l Co. v. Teleflex, Inc.* There is no reason why one of ordinary skill in the art would redesign the system of Franklin et al. (alone or as modified by Yanagihara et al.) to meet the disputed limitation and risk jeopardizing the functionality the system was designed to provide: the ability to generate a code number that is unique to one specific transaction between a particular customer and a particular merchant. *See* MPEP 2143.01 at 2100-129

has been authorized to consummate a purchase within an approved merchant category code and if the merchant is on an approved vendor list. Langhans et al. is not directed towards generating a temporary account number on a transactional basis.

Contrary to the Office's contention, comparing merchant information transmitted in an authorization request against vendor data stored in an approved vendor list and determining if a particular vendor is on an approved vendor list **does not** teach a single merchant limitation being included in a payment category prior to any particular merchant being identified as said single merchant.

Langhans et al. is clear a vendor must be on an approved vendor list or the transaction will be declined (col. 2, lines 50-55). In order to be included on an approved vendor list, a vendor must be identified. This is directly opposite to the recited claimed feature "prior to any particular merchant being identified as said single merchant." Moreover, there is nothing in Langhans et al. that teaches a transaction being limited to a single merchant. The Office cannot consistent with the specification of Langhans et al. read "an approved vendor list" to mean "a single merchant limitation being included in a payment category prior to any particular merchant being identified as said single merchant" as recited by the Applicant's claim 1.

Franklin et al. requires that a particular merchant for a specific transaction to be known and identified to generate the transaction code by entering the transaction-specific

Franklin et al. teach generating a transaction code with transaction specific data (see Fig. 4; Transaction Specific Data which include good identification; column 9, lines 40-43) and but do not teach predefining and associating with the payment categories.

Yanagihara et al. teach predefining and associating the transaction code with the payment categories (see Fig. 2: Fig. 4; paragraph [0019]

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to allow predefining and associating the transaction code with the payment categories of Franklin et al. because Yanagihara et al. teach that including above features would enable user to use usage identification code which indicates purpose of use and usage limit to indicate maximum amount to withdraw (Yanagihara et al., paragraph [0019]).

Franklin et al. do not teach said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant.

Langhans et al. teach said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant (Langhans et al., column 11, lines 65-67 to column 12, lines 1-7; where merchant category code is identified prior to identifying any single merchant).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to allow said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant of Franklin et al. because Langhans et al. teach that including above features

would enable to control application of certain authorization parameters based merchant category codes (Langhans et al., column 12, lines 20-23).

10. As per claim 3, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. teach claim 1 as described above. Franklin et al. further teaches the method comprising step of designating said single merchant subsequent to generating said transaction code (see Fig. 4; transaction specific data that include merchant identification).

11. As per claim 4, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. teach claim 1 as described above. Franklin et al. further teaches the method wherein

step of communicating the transaction code to said merchant to consummate said purchase within defined purchase parameters further comprises designation of said single merchant (see Fig. 4; column 9, lines 18-30; column 49-58).

12. As per claim 6, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. teach claim 1 as described above. Franklin et al. further teaches the method wherein

said step of generating said transaction code further comprises said customer obtaining said transaction code (see column 3, lines 21-37; where transaction code is obtained from a computer using customer account number and private key and software modules supplied by the issuing bank).

13. As per claim 7, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. teach claim 1 as described above. Franklin et al. further teaches the method comprising

obtaining said authorization for said purchase from the custodial authorizing entity (see column 5, lines 59—67).

14. As per claim 8, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. further in view of Langhans et al. teach claim 1 as described above. Franklin et al. further teaches the method comprising

a step of communicating promotional information of offered subject matter to the customer by the merchant, pre-determining the purchase parameters of the purchase, and corresponding said designated payment category to said purchase parameters (see column 9, lines 12-30; where customer surf the web for purchasing; Examiner notes that customer have access to promotional information of the offered subject matter in the web or merchant website).

15. As per claim 9, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. teach claim 1 as described above. Franklin et al. further teaches the method comprising

the merchant communicating the transaction code to the custodial authorizing entity for verification (see Fig. 7).

16. As per claims 10-14, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. teach claim 1 as described above.

Franklin et al. further teach the method comprising generating a transaction code which reflects at least one of a plurality of said payment categories that include amount parameters for a cost of one or more purchases, time parameters during which the purchase can be completed, parameters permitting use of said transaction code for a single transaction at a fixed amount for purchase within a predetermined period of time, parameters to limit purchases to said single transaction at said fixed amount for purchase within said predetermined period of time (see Fig. 4, column 2, lines 30-32; column 9, lines 49-58; column 10, lines 52-65; where transaction code include single purchase for specific amount for specific finite time period).

17. As per claims 15-24, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. teach claim 10 as described above.

Franklin et al. do not teach parameters permitting or limiting a) use of transaction code for a single transaction at a fixed or maximum amount for a purchase within a predetermined period of time, c) use said transaction code for multiple transactions at a fixed or maximum total amount for purchases within a predetermined time period, d) the ability to use said transaction code for a repeating transaction at a fixed amount for purchases payable at each of a fixed number of time intervals, and e) use said transaction code for a repeating transaction at a fixed amount for purchases payable at each of an unspecified number of time intervals.

Yanagihara et al. teach storing a restrictive condition for withdrawal of amount from the money card and application of the predetermined condition during withdrawal of the money from the card (Yanagihara et al., Fig. 2, Payment Condition (209) and

Transaction Record (210); paragraph [0005], [0006] and 0019]; the Examiner notes any above preconditions in claims 5-15 and 19-26 can be set in Payment Condition (209) in Fig. 2).

Therefore, it would be prima facie obvious to one of ordinary skill in the art at the time the invention was made to allow storing a restrictive condition for withdrawal of amount from the money card and application of the predetermined condition during withdrawal of the money from the card of Franklin et al. because Yanagihara et al. teach that including above features would enable user to use usage identification code which indicates purpose of use (Yanagihara et al., paragraph [0019]).

18. As per claim 25, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. teach claim 1 as described above.

Franklin et al. further teaches the method comprising generating said transaction code to further reflect an identification of said single merchant (see Fig. 4, column 9, lines 43, 52-55).

19. As per claim 26, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. teach claim 25 as described above. Franklin et al. further teaches the method defining said payment category to include limiting purchases to a limited time interval during which said purchase authorization is permitted (column 10, lines 52-65).

20. As per claim 27-28, Franklin et al. teach a method of performing secure credit card purchases, said method comprising

a) identifying a pre-established account that is used to make credit card purchases; b) designating at least one of a plurality payment categories which limit a nature of a subsequent purchases, at least one of said payment categories including at least including limiting purchases to a single merchant (see column 2, lines 9-21; column 4, lines 3-9; where commerce card is issued by credit card companies or card sponsoring companies; column 9, lines 49-58; where code number include merchant specific code for particular merchant);

c) generating a transaction code by a custodial authorizing of said pre-established account, said transaction code associated with at least said pre-established credit card account and the limits of said selected payment category, and different from said pre-established credit card account (see Fig. 4, column 2, lines 22-35);

d) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters (see column 2, lines 35-38);

e) verifying that said defined purchase parameters correspond to said designated payment category (see column 2, lines 47-64); and

f) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and complete the purchase (see column 2, lines 65-67 to column 3, lines 1-6); and

g) associating the purchase with said pre-established credit card account (see column 12, lines 34-43).

Franklin teaches generating a transaction code with transaction specific data (see Fig. 4; Transaction Specific Data which include good identification; column 9, lines 40-43) and but do not teach predefining and associating with the payment categories.

Yanagihara et al. teach predefining and associating the transaction code with the payment categories (see Fig. 2: Fig. 4; paragraph [0019]

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to allow predefining and associating the transaction code with the payment categories of Franklin et al. because Yanagihara et al. teach that including above features would enable user to use usage identification code which indicates purpose of use and usage limit to indicate maximum amount to withdraw (Yanagihara et al., paragraph [0019]).

Franklin et al. do not teach said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant.

Langhans et al. teach said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant (Langhans et al., column 11, lines 65-67 to column 12, lines 1-7; where merchant category code is identified prior to identifying any single merchant).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to allow said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant of Franklin et al. because Langhans et al. teach that including above features

would enable to control application of certain authorization parameters based merchant category codes (Langhans et al., column 12, lines 20-23).

21. As per claims 29-30, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. teach claim 28 as described above.

Franklin et al. do not teach restriction on purchases based on pre-selected payment categories.

Yanagihara et al. teach restriction on purchases based on payment categories such that it limits nature of subsequent purchases in terms of amount (Yanagihara, paragraphs [0006], [0021]).

Therefore, it would be prima facie obvious to one of ordinary skill in the art at the time the invention was made to allow storing a restrictive condition for withdrawal of amount from the money card and application of the predetermined condition during withdrawal of the money from the card of Franklin et al. because Yanagihara et al. teach that including above features would enable user to use usage identification code which indicates purpose of use (Yanagihara et al., paragraph [0019]).

22. As per claim 31, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. teach claim 28 as described above. Franklin et al. further teaches the method wherein

said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as said single merchant (see Fig. 4, column 9, lines 43, 52-55).

23. As per claim 32, Franklin et al. teach a method of performing secure card purchases, said method comprising:

a) identifying a pre-established credit card account that can be used to make credit card purchases (see column 2, lines 9-21); column 4, lines 3-9; where commerce card is issued by credit card companies or card sponsoring companies);

b) selecting a payment category which limits a nature of a subsequent purchase to single merchant (see Fig. 4, column 9, lines 43, 52-55); where code specific to a merchant is generated by the software supplied by the issuing bank installed on customer computer as described in column 2, lines 18-37);

c) generating a transaction code by a custodial authorizing entity of said pre-established credit card account, said transaction code associated with at least said credit card account and the limits of said selected payment category, and different from said pre-established credit card account (see column 2, lines 17-21; where transaction code is obtained from a computer using customer account number and private key and software modules supplied by the issuing bank;);

d) designating a merchant as said single merchant (see Fig. 4; column 9, lines 52-55);

e) communicating said transaction code to said merchant to consummate a purchase within defined purchase parameters (see column 2, lines 35-38);

f) verifying that said defined purchase parameters correspond to said selected payment category (see column 2, lines 47-64);

g) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase (see column 2, lines 65-67 to column 3, lines 1-6); and

h) associating the purchase with said pre-established credit card account (see column 12, lines 34-43).

Franklin teaches generating a transaction code with transaction specific data (see Fig. 4; Transaction Specific Data which include good identification; column 9, lines 40-43) and but do not teach predefining and associating with the payment categories.

Yanagihara et al. teach predefining and associating the transaction code with the payment categories (see Fig. 2: Fig. 4; paragraph [0019]

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to allow predefining and associating the transaction code with the payment categories of Franklin et al. because Yanagihara et al. teach that including above features would enable user to use usage identification code which indicates purpose of use and usage limit to indicate maximum amount to withdraw (Yanagihara et al., paragraph [0019]).

Franklin et al. do not teach said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant.

Langhans et al. teach said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single

merchant (Langhans et al., column 11, lines 65-67 to column 12, lines 1-7; where merchant category code is identified prior to identifying any single merchant).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to allow said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant of Franklin et al. because Langhans et al. teach that including above features would enable to control application of certain authorization parameters based merchant category codes (Langhans et al., column 12, lines 20-23).

24. As per claim 33, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. teach claim 32 as described above. Franklin et al. further teaches the method wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as said single merchant (see column 2, lines 50-64).

25. As per claim 34, Franklin et al. teach a system for performing secure credit_card purchases (see Fig. 1) comprising:

a) a custodial authorizing entity, said custodial authorizing entity structured to maintain a pre-established account that is used to make credit card purchases for at least one user (see Fig. 1, Issuing Bank (26); column 2, lines 8-11); column 4, lines 3-9; where commerce card is issued by credit card companies or card sponsoring companies);

b) said custodial authorizing entity further structured to define at least one payment category available for selection by a customer, said payment category structured to limit at least one subsequent transaction to a single merchant (see column 2, lines 11-21);

c) said custodial authorizing entity further structured to generate a transaction code associated with at least the limits of said payment category selected by the customer and said credit card account of the user, said transaction code being different from said pre-established credit card account (see Fig. 4-6; column 2, lines 22-35; where transaction code is obtained from a computer using customer account number and private key and software modules supplied by the issuing bank);

d) said custodial authorizing entity further structured to receive said transaction code and designated purchase parameters associated with a purchase from a merchant, and to verify that said designated purchase parameters correspond to said selected payment category (see Fig. 7; column 2, lines 47-64); and

e) said custodial authorizing entity structured to provide the merchant with authorization for said purchase that confirms at least that said designated purchase parameters correspond to said selected payment category so that said purchase may be consummated by the merchant (see Fig. 7; column 2, lines 65-67 to column 3, lines 1-6).

Franklin et al. do not teach said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant.

Langhans et al. teach said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant (Langhans et al., column 11, lines 65-67 to column 12, lines 1-7; where merchant category code is identified prior to identifying any single merchant).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to allow said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant of Franklin et al. because Langhans et al. teach that including above features would enable to control application of certain authorization parameters based merchant category codes (Langhans et al., column 12, lines 20-23).

26. As per claim 35, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. teach claim 34 as described above. Franklin et al. further teaches the system wherein

said single merchant is identified upon selection of said payment category and is associated with said transaction code (see column 9, lines 40-43; where merchant identification identifies the merchant).

27. As per claim 36, Franklin et al. in view of Yanagihara et al. further in view of Langhans et al. teach claim 34 as described above. Franklin et al. further teaches the system wherein

said custodial authorizing entity is structured to designate a first merchant to provide said transaction code for verification as said single merchant (see column 2,

F. Claims 1-43 are Nonobvious over Franklin et al., Yanagihara et al., and Langhans et al.

Claims 1-43 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Pat. No. 6,000,832 to Franklin et al. (hereinafter Franklin et al.) in view of U.S. Pub. No. 2001/0011249 to Yanagihara et al. (hereinafter Yanagihara et al.) further in view of U.S. Pat. No. 5,500,513 to Langhans et al. (hereinafter Langhans et al.). This rejection is respectfully traversed.

1. Claim 1

Claim 1 recites, *inter alia*, defining a payment category including at least limiting purchases to a single merchant for at least one transaction, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant (emphasis added).

The Office correctly notes Franklin et al. does not disclose the claim feature of said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant. The Office asserts Langhans et al. teaches said single merchant limitation being in said payment category prior to any particular merchant being identified as said single merchant, and states a merchant category code is identified prior to identifying any single merchant. The Office concludes it would have been obvious to one of ordinary skill in the art at the time the invention was made to allow said single merchant limitation being included in said

payment category prior to any particular merchant being identified as said single merchant of Franklin et al. because Langhans et al. teaches including above features would enable to control application of certain authorization parameters based on merchant category codes. Action at p. 9. The Applicant respectfully disagrees.

Initially, referring to Langhans et al., merchant category codes are disclosed as a subset of Standard Industrial Classification codes, plus some added codes, which are a standard used in the bank industry. Col. 7, lines 62-64. Related merchant category codes are organized into lists called merchant category code groups, which are assigned to purchasing accounts. Col. 12, lines 1-20. It is important to note here, a single "merchant category code" (Langhans et al., column 11, lines 65-67 to column 12, lines 1-7, cited by the Office) is not the same as a "single merchant". But rather, a merchant category code is used to identify a type of merchant.

Referring to FIG. 10 and the related disclosure of Langhans et al., an authorization process for procurement is shown and described. Beginning at test 126 it is determined if an authorization request from a merchant includes a Standard Industrial Classification code of the merchant is acceptable for the account. At test 128 it is determined whether the merchant category code of the merchant is in an approved merchant category code. At test 130 it is determined whether the particular vendor (merchant) is on an approved vendor (merchant) list. Then, if the authorization request

passes test 130, at test 132 it is determined if the merchant category code of the merchant is listed in an assigned merchant category group.

Accordingly, Langhans et al. fails to teach or suggest the claimed feature of the single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant. There is no disclosure in Langhans et al. that limits a transaction to a single merchant prior to any particular merchant being identified as the single merchant. In fact Langhans et al. teaches the exact opposite by cross checking that an authorization request received from a merchant is being received by a merchant that is has been placed on a previously approved merchant list.

Clearly Yanagihara et al. does not cure this deficiency as it is being cited solely to teach associating a transaction code with a payment category.

For these reasons, claim 1 and all of its dependents are patentable over Franklin et al., Langhans et al., and Yanagihare et al. The Office is respectfully requested to reconsider and withdraw the rejection.

3. Claim 3

Claim 3 depends from claim 1 and recites further comprising the step of designating said single merchant subsequent to generating said transaction code.

The Office asserts Franklin et al. teaches this claimed feature. Action p.10. The Applicant respectfully disagrees.

reconsideration of this application in view of the foregoing amendments and the following remarks.

As examiner requested, applicant points out the following with regard to the previously filed information disclosure statements. In view of the now completed Ex parte reexamination of U.S. patent 6,324,526 which is the grandparent of this application, applicant cites the following references.

U.S. Patent No. 6,422,462 to Cohen

U.S. Patent No. 5,826,243 to Musmanno

U.S. Patent No. 6,298,335 to Burnstein

A. In the currently amended claims, claims 1-43 are presented with all independent claims amended to clearly incorporate the "single merchant" limitation discussed below. Claim 28 has been canceled. Former claims 29-44 are presented as claims 28-43.

Claims 1-43 in my application, now clearly incorporate the limitation that a payment category be defined to include the ability to limit transactions to **"a single merchant" and that said single merchant limitation must be included in said payment category prior to any particular merchant being identified as said single merchant**. Please see

It is a significant advantage to have a payment category, which limits transactions to a single merchant and can be "designated" by the customer in a simple method step. This makes it unnecessary for the customer to communicate, in advance, to the issuing entity, or even to know in advance, the identity of the merchant. Eliminating the need to identify the merchant to the issuing entity, in advance, significantly simplifies the process for both the customer and the issuer. Yet the customer can still benefit from the security advantage of a transaction code that is limited to a single merchant **even if the identity of that single merchant has not yet been determined.** It has been shown that customers are very reluctant to adopt security measures that impair the speed, efficiency, and ease-of-use of their credit cards. A payment category that is pre-defined to limit transactions to a single merchant offers a very simple and efficient method to adopt a highly effective security measure.

After very thorough reviews of the cited references, I can find no disclosure of the "single unidentified merchant" limitation in either the Franklin patent or the Yanagihara publication. Indeed, to the best of applicant's knowledge, this single merchant limitation, as described in

As examiner requested, applicant points out the following with regard to the previously filed information disclosure statements. In view of the ongoing reexamination regarding U.S. patent 6,324,526 which is the grandparent of this application, applicant cites the following references.

U.S. Patent No. 6,422,462 to Cohen

U.S. Patent No. 5,826,243 to Musmanno

U.S. Patent No. 6,298,335 to Burnstein

A. The Franklin Patent

Generally, the Franklin Patent describes an online commerce card whereby a transaction proxy number is generated *by the customer* and used in substitution of an actual credit card number for online transactions.

It is respectfully pointed out by applicant that the Franklin Patent discloses an invention that is significantly different in several important ways from applicant's invention.

Specifically, the Franklin Patent relates exclusively to a substitute number that is used for a single transaction only (see column 2, lines 31-35, column 3, lines 12-18, column 5, lines 14-17, lines 53-56, column 10, lines 52-

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INFORMATION DISCLOSURE STATEMENT BY APPLICANT

(Use as many sheets as necessary)

Sheet 4 of 7

Complete if Known	
Application Number	11/252,009
Filing Date	October 17, 2005
First Named Inventor	John D'Agostino
Art Unit	3691
Examiner Name	Bijendra K. Shrestha
Attorney Docket Number	1.706-B.04

U. S. PATENT DOCUMENTS

Examiner Initials*	Cite No.[1]	Document Number Number-Kind Code[2] (if known)	Publication Date MM-DD-YYYY	Name of Patentee or Applicant of Cited Document	Pages, Columns, Lines, Where Relevant Passages or Relevant Figures Appear
		US- 5,893,907	04/13/1999	Ukuda	
		US- 5,903,878	05/11/1999	Talati et al.	
		US- 5,953,710	09/14/1999	Fleming	
		US- 5,956,699	09/21/1999	Wong et al.	
		US- 5,984,180	11/16/1999	Albrecht	
		US- 6,000,832	12/14/1999	Franklin et al.	
		US- 6,029,890	02/29/2000	Austin	
		US- 6,144,948	11/07/2000	Walker et al.	
		US- 6,163,771	12/19/2000	Walker et al.	
		US- 6,188,761 B1	02/13/2001	Dickerman et al.	
		US- 6,240,397 B1	05/29/2001	Sachs	
		US- 6,267,292 B1	07/31/2001	Walker et al.	
		US- 6,298,335 B1	10/02/2001	Bernstein	
		US- 6,324,526 B1	11/27/2001	D'Agostino	
		US- 6,339,766 B1	01/15/2002	Gephart	
		US- 6,341,724 B2	01/29/2002	Campisano	
		US- 6,343,279 B1	01/29/2002	Bissonette et al.	
		US- 6,375,084 B1	04/23/2002	Stanford et al.	
		US- 6,422,462 B1	07/23/2002	Cohen	

FOREIGN PATENT DOCUMENTS

Examiner Initials*	Cite No.[1]	Foreign Patent Document Country Code[3]-Number[4]-Kind Code[5] (if known)	Publication Date MM-DD-YYYY	Name of Patentee or Applicant of Cited Document	Pages, Columns, Lines, Where Relevant Passages Or Relevant Figures Appear	T[6]
		GB 2 361 790 A	10/31/01	Arndt et al.		
		WO 00/42486	07/20/2000	D'Agostino		

Examiner Signature		Date Considered	

*EXAMINER: Initial if reference considered, whether or not citation is in conformance with MPEP 609. Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant. [1] Applicant's unique citation designation number (optional). [2] See Kinds Codes of USPTO Patent Documents at www.uspto.gov or MPEP 901.04. [3] Enter Office that issued the document, by the two-letter code (WIPO Standard ST.3). [4] For Japanese patent documents, the indication of the year of the reign of the Emperor must precede the serial number of the patent document. [5] Kind of document by the appropriate symbols as indicated on the document under WIPO Standard ST.16 if possible. [6] Applicant is to place a check mark here if English language Translation is attached.

This collection of information is required by 37 CFR 1.97 and 1.98. The information is required to obtain or retain a benefit by the public which is to file (and by the USPTO to process) an application. Confidentiality is governed by 35 U.S.C. 122 and 37 CFR 1.14. This collection is estimated to take 2 hours to complete, including gathering, preparing, and submitting the completed application form to the USPTO. Time will vary depending upon the individual case. Any comments on the amount of time you require to complete this form and/or suggestions for reducing this burden, should be sent to the Chief Information Officer, U.S. Patent and Trademark Office, P.O. Box 1450, Alexandria, VA 22313-1450. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. **SEND TO: Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.**

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US008036988C1

(12) **EX PARTE REEXAMINATION CERTIFICATE** (10332nd)

United States Patent
D'Agostino

(10) **Number: US 8,036,988 C1**
(45) **Certificate Issued: *Oct. 15, 2014**

(54) **SYSTEM AND METHOD FOR PERFORMING SECURE CREDIT CARD TRANSACTIONS**

(76) Inventor: **John D'Agostino**, Sarasota, FL (US)

Reexamination Request:
No. 90/012,517, Sep. 12, 2012

Reexamination Certificate for:
Patent No.: **8,036,988**
Issued: **Oct. 11, 2011**
Appl. No.: **12/902,399**
Filed: **Oct. 12, 2010**

Certificate of Correction issued Feb. 12, 2013

(*) Notice: This patent is subject to a terminal disclaimer.

Related U.S. Application Data

(63) Continuation of application No. 11/252,009, filed on Oct. 17, 2005, now Pat. No. 7,840,486, which is a continuation of application No. 10/037,007, filed on Nov. 9, 2001, now abandoned, which is a continuation-in-part of application No. 09/231,745, filed on Jan. 15, 1999, now Pat. No. 6,324,526.

(51) **Int. Cl.**

G06Q 20/02	(2012.01)
G06Q 20/04	(2012.01)
G06Q 20/24	(2012.01)
G06Q 20/40	(2012.01)

(52) **U.S. Cl.**
USPC **705/44**

(58) **Field of Classification Search**
None
See application file for complete search history.

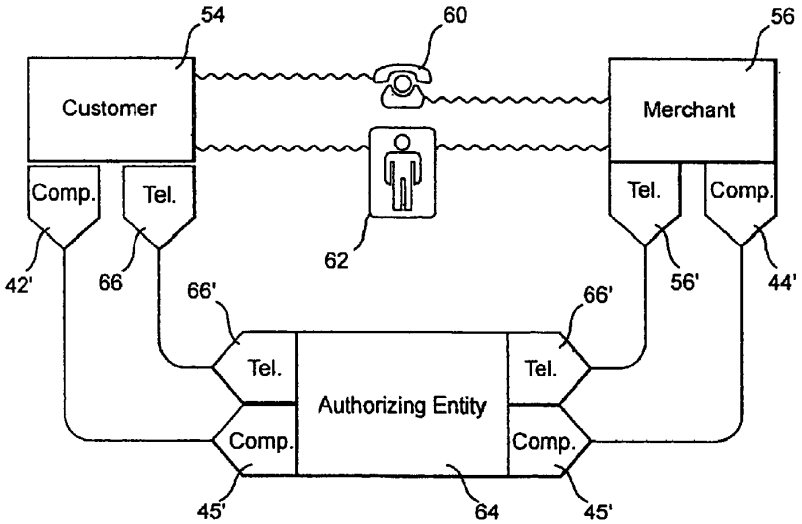
(56) **References Cited**

To view the complete listing of prior art documents cited during the proceeding for Reexamination Control Number 90/012,517, please refer to the USPTO's public Patent Application Information Retrieval (PAIR) system under the Display References tab.

Primary Examiner — John Hotaling

(57) **ABSTRACT**

A method and system of performing secure credit card purchases in the context of a remote commercial transaction, such as over the telephone, wherein only the customer, once generally deciding upon a product or service to be purchased, communicates with a custodial authorizing entity, such as a credit card company or issuing bank wherein such entity has previous knowledge of the credit card number as well as custodial control of other account parameters such as interest rate, payment history, available credit limit etc. The customer supplies the custodial authorizing entity with the account identification data such as the credit card number and a requested one of a possible plurality of predetermined payment categories which define the dollar amount for the purchase and specific, predetermined time parameters within which authorization by the custodial authorizing entity will remain in effect. The custodial authorizing entity then generates a transaction code which is communicated exclusively to the customer wherein the customer in turn communicates only the transaction code to the merchant instead of a credit card number. The transaction code is indicative of merchant identification, credit card account identification and a designated one of the plurality of predetermined payment categories.



EX PARTE REEXAMINATION CERTIFICATE ISSUED UNDER 35 U.S.C. 307

NO AMENDMENTS HAVE BEEN MADE TO THE PATENT

AS A RESULT OF REEXAMINATION, IT HAS BEEN DETERMINED THAT:

The patentability of claims **1-38** is confirmed.

* * * * *

STATEMENT OF REASONS FOR PATENTABILITY AND/OR CONFIRMATION

Claims 1-38 are confirmed.

The following is an examiners statement of reasons for confirmation of the claims in this reexamination proceeding. Appellant contends:

> Cohen does not disclose designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated. Independent claims 1 and 17 are representative. Claim 1 is reproduced below, in relevant part (emphasis added):
>
> c) *defining at least one payment category to include at least limiting a number of transactions* to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;
>
> d) *designating said payment category;*
>
> *e) generating a transaction code* by a processing computer of said custodial authorizing entity, *said transaction code reflecting at least the limits of said designated payment category* to make a purchase within said designated payment category.
>
> Claim 17 is reproduced below, in relevant part (emphasis added):
>
> *b) selecting a predetermined payment category which limits a nature, of a series of subsequent purchases* to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;
>
> c) *generating a transaction code* by a processing computer of a custodial authorizing entity of said pre-established account, *said transaction code associated with at least said pre-established account* and the limits of said selected payment category and different from said pre-established account.
>
> Independent claims 19, 21, and 22 include similar limitations and need not be discussed separately. Each independent claim requires the designating or selecting step to be performed *before* the generating step. The specification of the '988 patent only describes generating the transaction code after both (1) identifying an account that is used to make credit card purchases to associate with the transaction code and (2) designating or selecting a payment category.
>
> Admittedly, Cohen discloses that a credit card number can have its use customized, but Cohen does not disclose defining/selecting customized uses of the credit card number *before* the credit number is generated for use. Instead, Cohen describes customizing use *after* the credit card number is generated:
>
> In one embodiment, with respect to customization, the user receives one or more credit cards, each of which is inactive .... When the

> user receives the credit card, or when the user is ready to activate the credit card, the user determines...what particular uses or types of uses are desired.
>
> Whereas, every independent claim of the '988 patent requires selecting or designating a payment category that includes limiting to either a single merchant or one or more merchants, and then *subsequently* generating the transaction code for use by a customer, where upon generating, use of the transaction code is restricted according to the payment category.
>
> Consequently, because Cohen does not disclose selecting or designating a payment category that includes limiting to either an unidentified single merchant or unidentified one or more merchants, *before* the transaction code is generated for use by the customer, Cohen does not disclose every feature of independent claims 1, 17, 19, 21 and 22. The remaining dependent claims are appealed on the same basis as their respective base claims 1, 17, 19, and 22. Accordingly, the rejection should be reversed.

(AB 20-22, contested limitations emphasized)

The examiner agrees with the Appellant's contentions. Cohen discloses the following relevant section with respect to the contested sequence of claimed method steps:

> The invention can be practiced according to a wide variety of embodiments. In one embodiment, for example, a user dials into her credit card company before making a transaction, and after providing the ordinary credit card number and verification data, is provided with a disposable or customized number and/or mailed, provided with, or allowed to activate a disposable or customized card for a single or a limited range use.
>
> In one embodiment of the invention, a user can indicate in advance of purchase, on the telephone call with the credit card company, what the single use or the customized credit card number is to be used for. This can be used to provide additional security and/or control the uses of the funds placed on that card.

(Cohen 3:40-55 emphasis added)

Upon further consideration the examiner agrees with appellant's argument that Cohen fails to teach that the transaction code is generated *after* the designation of the payment category and any specific criteria within the payment category.

Therefore, claims 1 and 17 are confirmed over the prior art since the prior art fails to disclose the specific sequence of method steps including selecting or designating a payment category *before* the transaction code is generated.

Independent claims 19, 21, and 22 recite limitations commensurate in scope to claims 1 and 17 and are confirmed for the same reasons.

Additionally, Claim 21 recites;

> (b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to *a single-merchant*, said *single merchant* limitation being included in said payment category prior to any particular merchant being identified as said single merchant.

The examiner agrees with the Appellant's contention (AB 10-14) that Cohen does not disclose a single merchant being included in a payment category prior to any particular merchant being identified.

Conclusion

Accordingly, Claims 1-38 are confirmed.

Any comments considered necessary by PATENT OWNER regarding the above statement must be submitted promptly to avoid processing delays. Such submissions by the patent owner should be labeled: "Comments on Statement of Reasons for Patentability and/or Confirmation" and will be placed in the reexamination file.

All correspondence relating to this *ex parte* reexamination proceeding should be directed:

By Mail to: Mail Stop *Ex Parte* Reexam
Central Reexamination Unit
Commissioner for Patents
United States Patent & Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

By FAX to: (571) 273-9900
Central Reexamination Unit

By hand to: Customer Service Window
Randolph Building
401 Dulany Street
Alexandria, VA 22314

Registered users of EFS-Web may alternatively submit such correspondence via the electronic filing system EFS-Web, at https://efs.uspto.gov/efile/myportal/efs-registered. EFS-Web offers the benefit of quick submission to the particular area of the Office that needs to act on the correspondence. Also, EFS-Web submissions are "soft scanned" (i.e., electronically uploaded) directly into the official file for the reexamination proceeding, which offers parties the opportunity to review the content of their submissions after the "soft scanning" process is complete.

Any inquiry concerning this communication should be directed to the Central Reexamination Unit at telephone number (571) 272-7705.

Signed:

/John M Hotaling II/
Primary Examiner
Central Reexamination Unit
AU 3992
(571) 272 4437

Conferees:

/C.S./

/WHC/

level of skill in the art; and (4) where in evidence, secondary considerations.[6]

"[R]ejections on obviousness cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness."[7]

B. The rejections of claims 1-10 and 13-38 under 35 U.S.C. § 102(e) as anticipated by Cohen should not be sustained.

The Board should not sustain the examiner's rejections of claims 1-10 and 13-38 because Cohen fails to teach every feature in the rejected claims for these three reasons:

1. **Cohen does not anticipate claims 21 and 23-30.** The claims are not anticipated because Cohen does not disclose a payment category that at least limits transactions to a single-merchant, the single merchant limitation being included in the payment category prior to any particular merchant being identified as the single merchant.
2. **Cohen does not anticipate claims 1-10, 13-20, 22, and 31-38.** These claims are not anticipated because Cohen does not disclose a payment category that at least includes a limit to one or more merchants, the one or merchants limitation being included in the payment category prior to any particular merchant being identified as one of the one or more merchants.
3. **Cohen does not anticipate claims 1-10 and 13-38.** These claims are not anticipated because Cohen does not disclose selecting or designating a payment

[6] *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966).

[7] *KSR Int'l Co.* at 418.

> category that includes limiting to either an unidentified single merchant or unidentified one or more merchants, and then subsequently generating the transaction code for use by a customer, where upon generating, the use of the transaction code is restricted according to the payment category.

(1) ***Rejection of claims 21 and 23-30 under 35 U.S.C. § 102(e) as anticipated by Cohen.***

Cohen fails to teach every feature in rejected claims 21 and 23-30. Independent claim 21 includes:

> (b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single-merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant.

Cohen describes two separate, distinct types of limited-use credit cards. The first is a disposable, single-use card that is used for one transaction and then deactivated. The second is a custom-use credit card that has user created limitations that restrict use of the credit card: "In one embodiment of the invention, a user can indicate in advance of purchase, on the telephone with the credit card company, what the single use or the customized credit card number is to be used for."[8] Cohen also describes that the custom-use card can be limited to a type of charge or could be limited to a particular store or chain of stores:

[8] Cohen at col. 3, ll.49-54.

> As one example, an employee could be given authorization to purchase a new computer system. A customized credit card could be issued to the user which is only valid for use for that particular type of charge (computer hardware and software stores) and to the credit limit decided by the issuer or authorizing party at the corporation, such that if the employee tries to use it for anything else or for a charge in excess of that authorized, the charge will be declined. The card could even customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants).[9]

The examiner relies on Cohen's disclosure of limiting use to a type of charge, particular store, and a particular chain of stores for the claimed "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant."[10] Particularly, the examiner finds that a user specifying a particular merchant inherently teaches limiting to a single merchant before the single merchant is identified:

> One of the ways for accomplishing payments is to pay only a particular merchant as disclosed by Cohen. Therefore, Cohen discloses a payment category that must include a single merchant prior to any particular merchant being identified as said single merchant because Cohen's payment categories "be[sic] customized for only particular uses or groups of uses". The payment category can be chosen by the customer based on the customer preferences

[9] Cohen at col. 8, ll. 24-35.

[10] Action at 14.

> that only a single merchant be paid. Therefore, based on the customer's intention to use the customized card to make a purchase from a single merchant, as disclosed by Cohen, the payment category must limit the transaction to only a single merchant prior to the merchant being selected.[11] (emphasis original).

Further, in the final office action, the examiner refers appellant to pages 17-19 of the examiner's prior non-final action as additional support for his rejection.[12] But in the non-final office action, the examiner doesn't even assert Cohen discloses limiting to a single merchant: "Additionally, Cohen states that the card could even be customized for use in a particular store itself or a particular chain of stores (Cohen, col. 8, ll. 32-34). This is including *one or more merchants* in a payment category, a particular chain of stores, prior to any particular merchant being identified."[13]

Here, beyond the examiner's reasoning being entirely circular, the examiner's contention fails for three separate reasons. First, the claim is not satisfied by Cohen's disclosure of limiting use to a particular store or chain of stores. In order for a credit card company to create a limit on a credit card to a particular store, the customer must communicate the identity of that particular store to the credit card company so that the credit card company can create the limit to that store. Similarly a customer must also identify a particular chain of stores and communicate that identity to the credit card

[11] Action at 15.

[12] Action at 12.

[13] Non-Final Action at 19 (emphasis added).

company to create the limit to that particular chain of stores. The word "particular" itself denotes a specific identification so as not to refer to any other store or chain of stores.

The examiner appears to dance around this requirement. And summarily concludes that creating a limit to a particular store or chain of stores can be made without identifying the particular store or chain of stores to which transactions are to be limited. The examiner finally concludes that this teaches a payment category including limiting transactions to a single merchant before that single merchant is identified. This finding is simply not supported by the documentary evidence.

Cohen's particular store or chain of stores limitation, by nature of the limitation itself, requires a user to identify a store or chain of stores and communicate that identity to the credit card company so that the credit card company can create the limit and restrict purchases to only that identified store or chain of stores. Whereas, the claim requires a payment category that limits transactions to a single merchant before any merchant is identified as the single merchant. Moreover, the phrase "single merchant" is not even used by Cohen.

Second, limiting to a particular store or chain of stores is not the same as limiting to a single merchant. A particular store or chain of stores limitation is an identity limitation whereas a single merchant limitation is a numerical limitation. That is, the only way a particular store or chain of stores limitation can be made is by identifying that store or chain of stores from other stores or chain of stores. Conversely, a single merchant limitation is not related to the particular identity of any store or chain of stores, rather it is a numerical limitation that limits use to only one merchant. Stated differently, a particular

store or chain of stores limitation is limited to only the identified store or chain of stores, whereas a single merchant limitation is not limited by way of identity.

Third, and finally, it is true that limiting use of a credit card to only particular types of charges can be done without identifying a particular merchant. But limiting a credit card's use by a type of charge plainly does not create a limit to a single merchant. At most a particular type of charge limitation (e.g., clothing stores) creates an indeterminable numerical limit on a number of merchants, where the number is greater than one. And this cannot meet the claim because the claim requires limitation to a single merchant.

Thus Cohen does not disclose every feature of independent claim 21 because Cohen does not disclose a payment category that at least limits transactions to a single-merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant. Claims 23-30 are appealed on the same basis as their respective base claim 21. Accordingly, the rejection should be reversed.

(2) ***Rejection of claims 1-10, 13-20, 22, and 31-38 under 35 U.S.C. § 102(e) as anticipated by Cohen.***

Cohen fails to teach every element in the rejected claims. Independent claim 1 includes:

> (c) defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants.

Independent claims 17, 19, and 22 similarly include "said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants."

(a) Cohen's type of charge does not anticipate "one or more merchants."

The examiner relies on Cohen's disclosure of limiting a credit card's use to a type of charge (e.g., clothing stores) to meet this claimed feature:

> Cohen provides a limit of "clothing stores" then there is necessarily a limit on the number of stores, as not all stores are clothing stores. At the same time there is no limit or specific identification of any specific store. Cohen therefore limits a number of transactions to one or more merchants, those of a specific industry, while not identifying and[sic] particular merchant. Therefore, limiting to a specific industry would not be excluded from meeting the claim limitation of one or more merchant.[14]

The appellant argued that the Office, in granting the reexamination, used an incorrect claim construction for "one or more merchants," and under the correct construction, a type of charge limitation does not anticipate "one or more merchants." Particularly, the appellant advanced, in light of the specification, that "one or more merchants" means "a certain quantity of merchants that is finite in number." And that under this meaning an entire industry of merchants would be excluded.

[14] Action at 7.

The Board, in its decision denying covered business method review of the '988 patent, found that "one or more merchants" means "one merchant up to a plurality of merchants, where the number of merchants is a finite number."[15] The Board explained that this is the broadest reasonable construction:

> We agree with Patent Owner that interpreting "one or more merchants" to include an infinite number of merchants is overly broad and unreasonable. Claim 1 recites "preforming secure credit card purchases." It also recites "said one or more merchants limitation being included in said payment category" and "authorize[ing] payment required to complete the purchase." These steps imply a reasonable, finite number of merchants to authorize payment and perform a purchase. It is unreasonable to understand this limitation to mean an infinite number of merchants can be included in said payment category.[16]

While the Board's construction differs slightly from the appellant's, under the Board's construction, a type of charge limitation (i.e., limiting to an entire industry of merchants) still does not meet the claim. Using the examiner's example of limiting use to clothing stores, admittedly this creates some numerical limit because not all merchants are clothing stores. But limiting use to every clothing store that might exist in the entire world does not create a numerical limit that fits within meaning of "one or more merchants," because such a numerical limit is not a "reasonable, finite number" to "authorize payment and perform a purchase."

---

[15] Action at 9.

[16] *Id.*

Stated differently, limiting to an entire industry (e.g., clothing stores) creates an indeterminable limit on the number of merchants, because how does one know the number of clothing stores that exist in the entire world on any given day. And an indeterminable number is not a finite number. Since Cohen's type of charge limitation does not create a reasonable, finite numerical limit to authorize payment and perform a purchase, a type of charge limitation does not anticipate the claim element "one or more merchants."

(b) Cohen's particular store or a particular chain of stores does not anticipate "one or more merchants."

The examiner also relies on Cohen's disclosure of limiting use to a particular store or a particular chain of stores to meet the disputed claim element:

> Cohen discloses the card can be used for one or more merchants (a particular store or a particular chain of stores) and as such the payment category at least limits transactions to one or more merchants (a particular store or a particular chain of stores). The claim does not require when, how, or that the one or more merchants is identified but only that the payment category at least limits transactions to one or more merchants.[17]

First, the examiner seems to concede that Cohen's particular store or chain of stores use limitation cannot be made without first identifying the particular store or chain of stores, which is correct. Second, contrary to the examiner, the claim explicitly states that a particular merchant is not identified as one of the one or more merchants until after the payment category includes the limit to one or more merchants. Since Cohen's particular

[17] Action at 9.

store or chain of stores requires a customer to identify the particular store or chain or stores before the limit can be made, Cohen's particular store or chain of stores does not meet the claim.

Finally, the examiner contends that the disputed claim element is also met because "Cohen defines a custom use card that identifies a particular chain of stores in a payment category prior to any particular merchant in the chain of stores being chosen."[18] Again, the examiner seems to concede that Cohen's particular store or chain of stores requires identifying the store or chain of stores to create the limit to that store or chain or stores, which in itself does not meet the disputed claim element.

Further, the examiner's argument fails because the examiner incorrectly construes "a particular merchant" to apparently mean a merchant that is defined by its location, which is an improper construction. In light of the '988 patent specification, the correct meaning of a particular merchant is simply an identifiable merchant that a customer can use the transaction code with to make purchases.

Certainly, Target, for example, is an identifiable merchant regardless of the number of brick-and-mortar locations that is has. Under the examiner's rationale, a customer could request a credit card that is limited to Target, and the disputed claim would not be met if the customer then used the credit card at a brick-and-mortar location. But then on the other hand, the disputed claim would be met if the customer placed an order online using Target's website rather than visiting a brick-and-mortar location. This rationale simply

[18] *Id.*

doesn't make any sense and is an unreasonable application of Cohen's disclosure of limiting to a particular chain of stores.

(c) The claim term "one or more merchants" is a limit on the number of merchants.

In the final office action, the examiner incorrectly construed "one or more merchants" as a limit on the number of transactions, rather than a limit on the number of merchants:

> The examiner maintains that the claim limitations "one or more merchants" does not limit the amount of merchants that may be used as defined in the payment category. The claim limits the number of transactions but not the type of transactions.[19]

The examiner's construction is simply not supported by the specification or the documentary evidence. The term "one or more merchants" is not related to the number of transactions. As discussed above, the Board found "one or more merchants" means "one merchant up to a plurality of merchants, where the number of merchants is a finite number." Thus, the examiner's construction of "one or more merchants" as a limit on the number of transactions is simply wrong and cannot be sustained.

Consequently, because Cohen's type of charge and particular store or chain of stores disclosure does not meet the claimed "one or more merchants," Cohen does not disclose every feature of independent claims 1, 17, 19, and 22. Claims 2-16, 18, 20, and 31-38 are appealed on the same basis as their respective base claims 1, 17, 19, and 22. Accordingly, the rejection should be reversed.

[19] Action at 7.

(3) *Rejection of claims 1-10 and 13-38 under 35 U.S.C. § 102(e) as anticipated by Cohen.*

Cohen does not disclose designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated. Independent claims 1 and 17 are representative. Claim 1 is reproduced below, in relevant part (emphasis added):

c) *defining at least one payment category to include at least limiting a number of transactions* to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;

d) *designating said payment category*;

e) *generating a transaction code* by a processing computer of said custodial authorizing entity, *said transaction code reflecting at least the limits of said designated payment category* to make a purchase within said designated payment category.

Claim 17 is reproduced below, in relevant part (emphasis added):

b) *selecting a predetermined payment category which limits a nature, of a series of subsequent purchases to* one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;

c) *generating a transaction code* by a processing computer of a custodial authorizing entity of said pre-established account, *said transaction code associated with* at least said pre-established account and *the limits of said selected payment category* and different from said pre-established account.

Independent claims 19, 21, and 22 include similar limitations and need not be discussed separately. Each independent claim requires the designating or selecting step to be performed before the generating step. The specification of the '988 patent only describes generating the transaction code after both (1) identifying an account that is used to make credit card purchases to associate with the transaction code and (2) designating or selecting a payment category.[20]

Admittedly, Cohen discloses that a credit card number can have its use customized, but Cohen does not disclose defining/selecting customized uses of the credit card number before the credit number is generated for use. Instead, Cohen describes customizing use after the credit card number is generated:

> In one embodiment, with respect to customization, the user receives one or more credit cards, each of which is inactive…. When the user receives the credit card, or when the user is ready to activate the credit card, the user determines…what particular uses or types of uses are desired.[21]

Whereas, every independent claim of the '988 patent requires selecting or designating a payment category that includes limiting to either a single merchant or one or more merchants, and then subsequently generating the transaction code for use by a customer, where upon generating, use of the transaction code is restricted according to the payment category.

[20] The '988 patent at Abstract; col. 5, ll. 64 – col. 6, ll. 6; col. 6, ll. 24-44.

[21] Cohen at col. 9, ll. 13-21; Figure 1.

Consequently, because Cohen does not disclose selecting or designating a payment category that includes limiting to either an unidentified single merchant or unidentified one or more merchants, before the transaction code is generated for use by the customer, Cohen does not disclose every feature of independent claims 1, 17, 19, 21 and 22. The remaining dependent claims are appealed on the same basis as their respective base claims 1, 17, 19, and 22. Accordingly, the rejection should be reversed.

C. The rejections of claims 11 and 12 under 35 U.S.C. § 103(a) as being unpatentable over Cohen should not be sustained.

Claims 11 and 12 depend from base independent claim 1. As discussed above, Cohen does not anticipate claim 1 for several reasons. First, Cohen's type of charge disclosure does not meet the claim element "one or more merchants," because a type of charge limitation does not create a reasonable, finite limit on the number of merchants to authorize and perform a purchase. Second, Cohen's particular store or particular chain of stores disclosure does not meet the claims, because it requires identification of the particular store or chain of stores before a credit card can be limited to that particular store or chain of stores. Finally, because Cohen does not disclose designating or selecting a payment category before generating the transaction code for use by the customer, Cohen further does not meet the claims.

The obviousness rejection of claims 11 and 12 are premised on Cohen anticipating independent claim 1. But because Cohen does not anticipate claim 1, claims 11 and 12 are patentable over Cohen by virtue of their dependency from claim 1.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of pre-AIA 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

> A person shall be entitled to a patent unless –
>
> (e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1-10 and 13-38 are rejected under pre-AIA 35 U.S.C. 102(e) as being anticipated by Cohen U.S. Patent 6,442,462.

The rejection made in the Non Final office action of 9/11/2013 is maintained and incorporated herein.

Claim Rejections - 35 USC § 103

The following is a quotation of pre-AIA 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 11 and 12 are rejected under pre-AIA 35 U.S.C. 103(a) as being unpatentable over Cohen.

The rejection made in the Non Final office action of 9/11/2013 is maintained and incorporated herein.

Response to Remarks

I. Initial Remarks

With respect to the Patent Owners (PO) initial remarks the examiner agrees with the reexamination summary, claim status, and the summary of the PO initiated interview.

The PO argued that the Cohen reference was explicitly referenced in the parent patents. The examiner has no comment on the status of the Cohen reference relative to the prosecution history of the '486 and '526 patents.

The PO contends that reexamination was "ordered solely on the "one or more merchants" claim language and not on the "single merchant" claim language of claims 21 and 23-30."[1]

The examiner maintains that the petition decision states that a reasonable examiner would have considered Cohen important to the patentability of claims 1-38.

> "Accordingly, it would appear that Cohen does include "defining a payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified" as claimed. This is the material which was deemed missing during the original prosecution."[2]

Therefore the reexamination was ordered on claims 1-38 based on Cohen as noted in the petition decision above and not solely on the particular limitation

[1] PO response to non-final rejection page 19
[2] Petition Decision 6/7/2013 page 5

asserted by the PO. Furthermore, it is noted that Cohen discloses one or more merchants and a single merchant as discussed below.

II. Response to Arguments

A. The PO argues that the rejection of claims 1-10 and 13-38 under 35 U.S.C. § 102(b) over Cohen is improper because Cohen is only available under 35 U.S.C. § 102(e).

The examiner agrees that the claims are only available as prior art under 35 U.S.C. § 102(e) and thanks the PO for pointing out this clerical error.

B. The PO argues that Claims 1-10 and 13-38 are not anticipated by Cohen because Cohen fails to identically teach every element of the claims.

1. The PO argues that Claims 1-10, 13-20, 22, and 31-38 are not anticipated by Cohen because a particular type of charge limitation is not a merchant limitation, a merchant type limitation cannot be made before any particular merchant is identified, and one or more merchants is a finite number of merchants.

a) The PO argues that a type of charge limitation is not a number of merchants limitation because it does not limit use to any number of merchants at all.

The PO contends that “a type of charge” described in Cohen operates to restrict purchases to preapproved products or services without any limit on the number of merchants the products or services that may be purchased.

The PO contends that by comparing a type of charge with “a number of merchant's limitation” it becomes apparent that a type of charge is in fact not a limit on a number of merchants at all. That is when a custom use card is limited to a type of

charge and that card is used to make a purchase, the authorizing entity (e.g., the credit card company) determines whether the purchase is for the authorized product regardless of whether the card has been used at one, two, three, or more merchants. Conversely, when a custom use card is limited to a number of merchants and that card is used to make a purchase, the authorizing entity determines whether the purchase exceeds an authorized number of merchants regardless of the type of product purchased.

The examiner maintains that '988 patent defines "payment categories represent a variety of methods for accomplishing payment for a fixed transaction, a multiple transaction and/or a repeating transaction." Col 3 lines 4-7. Additionally the '988 patent defines in column 8 lines 18-34 that a payment category may be constructed for use to accommodate a variety of methods for accomplishing payment.

" The payment category may also include a multi-transaction authorization wherein more than one purchase may be made from one or a plurality of different merchants, each of which may or may not be identified by the customer and pre-coded in association with the transaction code, and wherein a total cost of the plurality of purchases may not exceed a maximum limit amount. This transaction can also be limited to having to take place within a predetermined, designated fixed life span, such as but not limited to twenty four hours. Accordingly, in some instances wherein a customer, or an agent of the customer, such as a child, guardian, or care giver, must make a number of transactions or purchases which are authorized by the customer, the customer may designate a maximum amount which can be spent utilizing a particular transaction code within a predetermined period of time, and/or can designate that only one merchant, whether designated or not, can use the transaction code."

The examiner maintains that the claim limitations "one or more merchants" does not limit the amount of merchants that may be used as defined in the payment category.

The claim limits the number of transaction but not the type of transactions. Additionally, the 9/11/2013 Non-Final rejection discloses that the card of Cohen can "be customized for only particular uses or groups of uses," which would constitute payment categories as claimed by the '988 Patent (Cohen, col. 7, ll.66-67). In addition, some of the uses that the card can be customized for include the card only being valid "for use for that particular type of charge (computer or hardware stores...[or] for use in **a particular store itself or a particular chain of stores**" (Cohen, col. 8, ll. 25-34 emphasis added by the examiner). Therefore, the customized use can include limiting a number of transactions to one or more merchants. Cohen discloses that in addition to types of transactions that may be limited to merchant type that one or more merchants may be a particular store or a particular chain of stores.

b) The PO argues a type of charge limitation does not necessarily operate to create a merchant type limitation.

The PO argues that a “type of charge” described in Cohen does not inherently create a type of merchant limitation and as such, Cohen does not inherently disclose that a type of charge limitation creates a merchant type limitation to the satisfaction of the MPEP.

The examiner maintains that Cohen discloses the type of charge may use one or more merchants. Additionally, the top of column 8 of Cohen discloses that

“… the card could be customized so that it is only good for airline reservations, such that if the employee tries to use it for any other type of charge, the charge will be declined, regardless of the amount of the transaction involved. Or the card could be customized so that it can only be used for airline and hotel charges.”

This is a particular merchant type “airline and hotel charges” that result in the reference to Cohen anticipating a particular merchant type. A merchant type is additionally disclosed in Cohen as a particular store or a particular chain of stores. The examiner did not rely on inherency for this teaching.

c) The PO argues that even if Cohen discloses a merchant type limitation this limitation cannot be created before any particular merchant is identified.

The PO contends that assuming arguendo that type of charge limitation operates to create a merchant limitation (e.g., only those merchants of that type), certainly it is not possible to create the merchant limitation before any particular merchant of that type is identified because purchases could never be authorized.

That is a particular merchant must be identified as a merchant of a merchant type so that when the authorizing entity receives a request to approve a purchase to that merchant the authorizing entity can determine whether that merchant is in fact a merchant of the selected type. Without the ability of the authorizing entity to reference the merchant to a merchant type the authorizing entity would not be able to determine if the merchant is of the selected merchant type and authorize or decline the purchase. And of course assigning a merchant to a merchant type necessarily requires identification of that merchant before it can be associated to a particular merchant type.

The examiner noted in the rejection for Claim 1 on page 4 of the Non-Final rejection as follows;

Cohen discloses that a card "could be issued to the user which is only valid for use for that particular type of charge" (Cohen, col. 8, ll. 25-28). A customized use card with a customized use for only that particular type of charge would result in a card with a merchant limitation (e.g., only those merchants of that type) prior to any particular merchant (e.g., a specific merchant of that type) being identified. Additionally, Cohen states that the card could even be customized for use in a particular store itself or a particular chain of stores (Cohen, col. 8, ll. 32-34). This is including one or more merchants in a payment category, a particular chain of stores, prior to any particular merchant being identified.

When a request is generated from an account holder to have a customized credit card number to make a purchase from one or more merchant there is a one or more merchant limitation associated with the payment category prior to any particular merchant being identified as one of said one or more merchant. Cohen discloses the card can be used for one or more merchants (a particular store or a particular chain of stores) and as such the payment category at least limits transactions to one or more merchants (a particular store or a particular chain of stores). The claim does not require when, how, or that one or more merchants is identified but only that the payment category at least limit transactions to one or more merchants. One of the ways for accomplishing payment is to pay only one or more merchants as disclosed by Cohen. Therefore, Cohen discloses a payment category that must include one or more merchants prior to any particular merchant being identified as one of said one or more merchant based on the customers intention to use the customized card to make a purchase from a particular store or a particular chain of stores. Cohen defines a custom use card that identifies a particular chain of stores in a payment category prior to any particular merchant in that chain of stores being chosen.

d) The PO argues that it is unreasonable to interpret the one or more merchant claim language to include an entire specific industry of merchants.

The PO argues a position taken by the Order Denying Reexamination that “one or more merchant" claim language to mean "a certain quantity of merchants" that is "finite in number."

The PO contends that “in light of the specification, the Office correctly found the plain meaning of "one or more merchants" to be inconsistent with the specification when it correctly construed the meaning to be "a certain quantity of merchants" that is "finite in number." Therefore, "one or more merchants" is correctly construed to mean a certain quantity of merchants that is finite in number. And under this meaning; an entire industry (e.g., a merchant type) would be excluded.” PO Remarks page 27

The examiner notes that the PO argument seems to be off point since the Petition Decision of 6/7/2013 squarely addresses this argument on page 6. Empahsis added by the examiner.

The examiner found that Cohen's restrictions are drawn to specific merchants and particular stores. Thus, the examiner determined that Cohen must necessarily specify the identities of those merchants when defining the payment category. The examiner equates this teaching, as well as the type of charge teaching, to the merchant ID and goods ID of Franklin '832 col. 2 ll.29-32. The Director disagrees because, as discussed above, Cohen does not necessarily limit transactions to any specific merchant or particular store--if Cohen provides a limit of "clothing stores" then there is necessarily a limit on number of stores, as not all stores are clothing stores. At the same time there is no limit or specific identification of any specific store. Cohen therefore limits a number of transactions to one or more merchants, those of a specific industry, while not identifying and particular merchant. Limiting by industry does not necessarily identify a particular merchant, so there is not necessarily something like the merchant ID of Franklin '832.

The examiner also appears to state this is cumulative to the "goods ID" of Franklin '832. The Director does not agree, because there is no indication that "goods ID" has anything to do with

identification of a type of store. That is, even if the type of goods are identified (i.e. clothes) this is not the same thing as providing a limit to a subset of stores as is done in Cohen (i.e. clothing stores). Cohen provides both teachings while Franklin '832 does not. Cohen is therefore more relevant to the claims and provides a new technical teaching not present in Franklin '832. Cohen raises a substantial new question of patentability with respect to claims 1-38 alone, and with respect to claims 11 and 12 when combined with Musmanno.

The PO contends that "one or more merchants" is correctly construed to mean a certain quantity of merchants that is finite in number. And under this meaning; an entire industry (e.g., a merchant type) would be excluded based on the position of the examiner that denied reexamination.

The position of the examiner that denied reexamination has been obviated by the Petition Decision of 6/7/2013. Therefore, any argument relative to information presented in the Order Denying Reexamination of 12/6/12 is moot.

Furthermore as noted in the Petition Decision above Cohen provides a limit of "clothing stores" then there is necessarily a limit on number of stores, as not all stores are clothing stores. At the same time there is no limit or specific identification of any specific store. Cohen therefore limits a number of transactions to one or more merchants, those of a specific industry, while not identifying and particular merchant. Therefore, limiting to a specific industry would not be excluded from meeting the claim limitation of one or more merchants.

C. The PO argues that claims 21 and 23-30 are not anticipated because Cohen does not disclose the single merchant limitation being included in the payment category prior to any particular merchant being identified as the single merchant.

1. The PO argues that one or more merchants limitation does not anticipate a single merchant limitation.

The PO argues that “[e]ven if a type of charge limitation did result in a one or more merchants limitation, a one or more merchants limitation does not anticipate a single merchant limitation. That is, a limit to a single merchant is more restrictive than a limit to one or more merchants. And a custom use card limited to two merchants would not meet the single merchant claim language. But a custom use card limited to two merchants would meet a one or more merchants limitation. Accordingly, Cohen's one or more merchants limitation that is allegedly created when a type of charge limitation is selected does not anticipate the disputed claim language.”

The examiner agrees that claim 21 limits “the transaction to a single merchant and that the single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant” The language of "a single merchant” is specifically addressed on pages 17-19 of the Non-Final rejection of 9/11/2013

2. The PO argues that Cohen requires identification of a particular store in advance at the time of customization.

The PO argues that Cohen discloses a "card could...be customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants)." But this does not anticipate the disputed claim language because Cohen requires identification of that particular store in advanced at the time of customization:

• "...a user can indicate in advance...with the credit card company...what the single use or customized credit card number is to be used for."

• "...the main cardholder...can determine in advance what the card can and should be used for."

The '988 patent defines "payment categories represent a variety of methods for accomplishing payment for **a fixed transaction**, a multiple transaction and/or a repeating transaction." Col 3 lines 4-7. Further the '988 patent Column 3 lines 48 thru column 4 line 8 discloses that payment categories may be requested by the customer or automatically chosen based on the type of purchase.

"Further, a feature of the transaction code is its ability to indicate any one of preferably a plurality of predetermined payment categories which may be either **requested by the customer or automatically chosen by the custodial authorizing entity** based on the type of account or **the type of purchase** or other commercial transaction involved. Each of the payment categories are reflective of a different type of **payment desired** or **required** to consummate the intended purchase. More specifically, the plurality of **payment categories** may include a single transaction involving a specific dollar amount for a purchase within a specific time period, such as twenty four hours, during which authorization of the purchase remains valid. Alternately, a single transaction may be involved wherein a maximum limit or a dollar amount is determined above which the purchase will become invalidated and further wherein a fixed period of time is preferably established for maintaining authorization of such purchase. Other alternatives would involve one or more of the categories coded to define multiple transactions involving a maximum dollar amount for purchases, as well as a fixed period of time for authorization of such purchases, and/or a repeating transaction wherein payments may be automatically accessed by a merchant over a predetermined or unspecified time interval (such as every thirty days) for a specific dollar amount or a maximum dollar amount limit. Also, limits solely as to **a specific merchant** or a given time period can be effectively established for which the transaction code is valid." emphasis added by the examiner;

The 9/11/2013 Non-Final rejection discloses that the card of Cohen can "be customized for only particular uses or groups of uses," which would constitute payment

categories as claimed by the '988 Patent (Cohen, col. 7, ll.66-67). In addition, some of the uses that the card can be customized include the card only being valid "for use for that particular type of charge (computer or hardware stores...[or] for use i**n a particular store itself** or a particular chain of stores" (Cohen, col. 8, ll. 25-34 emphasis added by the examiner). Therefore, the customized use can include limiting a number of transactions to **a single merchant** and one or more merchants.

The examiner noted in the rejection for Claim 21 on page 18 of the Non-Final rejection;

"Cohen discloses that "[a] user dials into her credit card company before making a transaction, and...is provided with a disposable or customized number" where the user "...**can indicate in advance of purchase**...what **the single use** or the customized credit card number is to be used for" (Cohen, col. 3, ll. 49-52). As discussed above, the single or customized use may include types of charges, a particular merchant, multiple merchants, etc. Accordingly, Cohen discloses a request from an account holder for a customized credit card number to make a purchase that limits transactions to either **a single merchant** or one or more merchants as the case may be. (emphasis added by the examiner)

When a request is generated from an account holder to have a customized credit card number to make a purchase from a single merchant there is a single merchant limitation associated with the payment category prior to any particular merchant being identified as a single merchant. A user of the system must know what they are going to use the system of Cohen for prior to the use of the system. This does not hamper the system of Cohen since the card can be used for a single merchant and as such the payment category at least limits transactions to a single merchant prior to the use of the system of Cohen. The claim does not require how or that the single merchant be

identified but only that the payment category at least limit transactions to a single merchant before a merchant is chosen. One of the ways for accomplishing payment is to pay only a particular merchant as disclosed by Cohen. Therefore, Cohen discloses a payment category that must include a single merchant prior to any particular merchant being identified as said single merchant because Cohen's payment categories "be customized for only particular uses or groups of uses". The payment category can be chosen by the customer based on the customer preferences that only a single merchant be paid. Therefore, based on the customer's intention to use the customized card to make a purchase from a single merchant, as disclosed by Cohen, the payment category must limit the transaction to only a single merchant prior to the merchant being selected.

3. The PO argues that the Requester constructively conceded Cohen does not anticipate the single merchant claim language.

The PO argues on page 31 of the response that "the Requester did not challenge the Office's Order Denying Reexamination on the "single merchant" claim language of claims 21 and 23-30, but rather it premised its challenge only on the "one or more merchants" claim language. Therefore, the Requester has constructively conceded that Cohen does not anticipate claims 21 and 23-30."

Reexamination of the '988 patent was ordered in the petition decision of 6/7/2013 that a reasonable examiner would have considered Cohen important in considering the patentability of all claims 1-38.

The position of the examiner that denied reexamination has been obviated by the Petition Decision of 6/7/2013. Therefore, any argument relative to information presented in the Order Denying Reexamination of 12/6/12 is moot.

D. The PO contends that claims 11 and 12 are nonobvious over Cohen.

The PO contends that Claims 11 and 12 were rejected under 35 U.S.C. § 103(a) as allegedly being obvious in view of Cohen. The PO argues that this rejection is respectfully traversed. Claims 11 and 12 depend directly or indirectly from independent claim 1 and add additional features to independent claim 1 and any intervening claims. As discussed above, independent claim 1 is not anticipated by Cohen and likewise is not obvious in view of Cohen. Therefore, because claims 11 and 12 depend from claim 1, claims 11 and 12 are also nonobvious in view of Cohen.37

The examiner disagrees with the PO arguments relative to claim 1 as discussed above and claim 1 remains anticipated by Cohen. The PO presents no arguments relative to the obviousness rejection based on Cohen. Therefore the examiner maintains that claims 11 and 12 are obvious in view of Cohen and the rejection is maintained.

SUBMISSIONS

In order to ensure full consideration of any amendments, affidavits or declarations, or other documents as evidence of patentability, such documents must be submitted in response to this Office action. Submissions after the next Office action,

2. Claims 21 and 23-30 are not anticipated because Cohen does not disclose the single merchant limitation being included in the payment category prior to any particular merchant being identified as the single merchant.

Independent claim 21 recites: "receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least *limits transactions to a single merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant*" (emphasis added).

Contrary to the Requester's assertion,[26] support for this claim language is explicitly found in the specification:

> The *payment category* may also include a multi-transaction authorization wherein more than one *purchase may be made from one* or a plurality of different *merchants, each of which may or may not be identified by the customer and pre-coded in association with the transaction code*...and/or can designate that *only one merchant, whether designated or not, can use the transaction code*.[27]

In view of the specification, the claim recitation is correctly construed to require limiting use of a transaction code to only one merchant, and that the one merchant limitation being included in a payment category before any particular merchant is identified as the one merchant.

The Office asserts this disputed claim language is met by Cohen's type of charge limitation that allegedly operates to create a *one or more merchants limitation* prior to any particular merchant being identified:

> Cohen discloses that a card "could be issued to the user which is only valid for use for that particular type of charge" (Cohen, col. 8, ll. 25-28), A customized use card with a customized use for only that particular type of charge would result in a card with a merchant limitation (e.g., only those merchants of that type) prior to any particular merchant (e.g., a specific merchant of that type being identified. Additionally, Cohen states that the card could even be customized for use in a particular store itself or a particular chain of stores (Cohen, col. 8, ll. 32-34). This

[26] Request, p. 45.
[27] The '988 Patent, col. 8, ll. 18-34 (emphasis added).

> is including *one or more merchants* in a payment category, a particular chain of stores, prior to any particular merchant being identified.[28]

D'Agostino respectfully submits this is incorrect for the following reasons.

i. A one or more merchants limitation does not anticipate a single merchant limitation.

Even if a type of charge limitation did result in a one or more merchants limitation, a one or more merchants limitation does not anticipate a single merchant limitation. That is, a limit to a single merchant is more restrictive than a limit to one or more merchants. And a custom use card limited to two merchants would not meet the single merchant claim language. But a custom use card limited to two merchants would meet a one or more merchants limitation. Accordingly, Cohen's one or more merchants limitation that is allegedly created when a type of charge limitation is selected does not anticipate the disputed claim language.

It may be argued the "single merchant" limitation does not operate to limit the claim to only one merchant. But this argument fails because such an interpretation is inconsistent with the '988 Patent. The '988 Patent's specification distinguishes between a plurality of merchants and only one merchant: "The payment category may also include a multi-transaction authorization wherein more than one *purchase may be made from one or a plurality of different merchants*, each of which may or may not be identified by the customer and pre-coded in association with the transaction code…."[29] The claims of the '988 Patent also make the distinction where, for example, claim 1 recites "one or more merchants" and claim 21 recites "a single merchant." Therefore, "a single merchant" can only be interpreted to mean one merchant. And,

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[28] Office Action, p. 19 (emphasis added).
[29] The '988 Patent, col. 8, ll. 18-22.

consequently, a one or more merchants limitation does not anticipate a single merchant limitation.

ii. Cohen requires identification of a particular store in advance at the time of customization.

Cohen discloses a "card could…be customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants)."[30] But this does not anticipate the disputed claim language because Cohen requires identification of that particular store in advanced at the time of customization:

- "…a user can indicate in advance...with the credit card company…what the single use or customized credit card number is to be used for."[31]
- "…the main cardholder…can determine in advance what the card can and should be used for."[32]

Further, the Office correctly found Cohen's requirement to identify the particular store in advance at the time of customization.[33] And the Requester did not refute this finding when it moved the Office to reconsider its denial of the reexamination. Specifically, the Requester only refuted the Office's finding that Cohen discloses the one or more merchants claim language of claim 1.[34]

Moreover, the Requester itself spotlights Cohen requires a user to choose the identity of a single merchant in advance at the time of customization.[35] Indeed, the advance identification of a particular store to the credit card company results in a single merchant limitation on the custom

[30] Cohen, col. 8, ll. 32-35.
[31] Cohen, col. 3, ll. 51-53.
[32] Cohen, col. 7, l. 66 – col. 8, l. 2.
[33] Order Denying Reexamination, p. 7.
[34] Petition, pp. 2-8.
[35] Request, App. A, claim 21(b).

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

> A person shall be entitled to a patent unless –
>
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

Claims 1-10 and 13-38 are rejected under 35 U.S.C. 102(b) as being anticipated by Cohen U.S. Patent 6,442,462.

i. Claim 1

a) "A method of performing secure credit card purchases, said method comprising:"

Cohen discloses that "[i]t is an object of the present invention to provide improved credit cards and methods for credit card transactions" and that "[i]t is a further object of the present invention to provide methods and apparatus for secure transmission of credit card information" (Cohen, col. 1, l1.48-62). Accordingly, Cohen anticipates secure credit card purchases.

b) "contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases"

Cohen discloses "a user dial[ing] into her credit card company" (Cohen, col. 3, l1.42-44). It is inherent in the art that a credit card company has custodial responsibility of a customer's account used to make credit card purchases. Accordingly, a user dialing into her credit card company is anticipatory of contacting a custodial authorizing entity as claimed.

c) "supplying said custodial authorizing entity with at least account identification data of said customer's account"

Cohen discloses that the user "provid[es] the ordinary credit card number and verification data" to her credit card company (Cohen, col. 3, ll. 42-45). This supplies the credit card company, the custodial authorizing entity, with account identification data of the customer's account. Accordingly, Cohen anticipates the supplying manipulative step of claim 1.

d) "defining at least one payment category to include at least limiting a number of transactions to one or more merchants"

Cohen discloses that the card can "be customized for only particular uses or groups of uses," which would constitute payment categories as claimed by the '988 Patent (Cohen, col. 7, l1.66-67). In addition, some of the uses that the card can be customized for include the card only being valid "for use for that particular type of charge (computer or hardware stores...[or] for use in a particular store itself or a particular chain of stores" (Cohen, col. 8, l1.25-34). Therefore, the customized use can include limiting a number of transactions to one or more merchants.

e) "said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants"

Cohen discloses that a card "could be issued to the user which is only valid for use for that particular type of charge" (Cohen, col. 8, ll. 25-28). A customized use card with a customized use for only that particular type of charge would result in a card with a merchant limitation (e.g., only those merchants of that type) prior to any particular merchant (e.g., a specific merchant of that type) being identified. Additionally, Cohen states that the card could even be customized for use in a particular store itself or a

particular chain of stores (Cohen, col. 8, ll. 32-34). This is including one or more merchants in a payment category, a particular chain of stores, prior to any particular merchant being identified.

f) "designating said payment category"

Cohen discloses that "...a user can indicate in advance of purchase...what the single use or the customized credit card number is to be used for" (Cohen, col. 3, ll. 49-52). This is in effect a designation of a customized use, which is anticipatory of designating a payment category as is recited in claim 1 of the '988 Patent.

g) "generating a transaction code by a processing computer of said custodial authorizing entity"

Cohen discloses "credit cards or credit card numbers are generated" by the credit card company (Cohen, col. 2, l1.35-36). The disposable or customized credit card numbers can be indistinguishable from ordinary credit card numbers such that "both users and vendors are encouraged to use the credit card in the same manner as regular credit cards" (Cohen, col. 3, ll. 6-9).

h) "said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category"

The customized or disposable credit card numbers of Cohen, like the transaction code of the '988 Patent, may have a "single or a limited range use," where the single or customized use corresponds to the single or customized use previously indicated (Cohen, col. 3, ll. 47-48). Accordingly, the customized credit card number reflects the limits of the payment category, in that the card number can only be used for the designated customized use.

i) "communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters"

Cohen discloses that "...the user transmits his or her credit card information to the vendor. That vendor then verifies the transaction..." (Cohen, col. 5, ll. 36-37). It is inherent in the art that the process of a vendor verifying a transaction includes requesting authorization for the transaction from the issuer of the credit card used in the transaction, and that authorization requests include transaction details (e.g., defined purchase parameters). Accordingly, transmission of the credit card information to the vendor for verification anticipates the communicating step as recited in claim 1 of the '988 Patent.

j) "verifying that said defined purchase parameters are within said designated payment category"

Cohen discloses that the vendor "then verifies the transaction" such that the card "is only valid for use for that particular type of charge...such that if the [user] tries to use it for anything else...the charge will be declined" (Cohen, col. 8, ll. 25-32). This constitutes "verifying the defined purchase parameters being within the payment category," such that if the transaction details are not within the customized use associated with the card, the charge will be declined. Accordingly, Cohen anticipates the verifying step recited in claim 1.

k) "providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase"

Cohen discloses that, as part of the verification/authorization of the transaction "...the credit card company notes the identity of the vendor, authorizes the transaction (if

the credit card number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor" (Cohen, col. 5, ll. 45-49). Accordingly, as stated above, the authorization of the transaction confirms that the purchase parameters are within the customized use, and the forward of the authorization code to the vendor authorizes the payment required to complete the transaction. Therefore, Cohen anticipates this recitation of claim 1.

ii. Claim 2

"The method of claim 1 further comprising the step of designating at least one of said one or more merchants subsequent to generating said transaction code"

Cohen discloses "...the user transmit[ting] his or her credit card information to the vendor," which would thereby designated the vendor as one of the one or more merchants subsequent to the generation of the credit card number. Col. 3, ll. 49-52..

iii. Claims 3 and 20

"wherein said step of communicating the transaction code to a merchant to consummate said purchase within defined purchase parameters further comprises designation of said merchant as one of said one or more merchants"

Claim 3 includes the above recitation and is dependent from claim 1. Claim 20 includes the same recitation, but is instead dependent from claim 19. Cohen discloses generating a customized credit card number, which may then be submitted to the vendor (Cohen, col. 5, l1.36- 37).

iv. Claim 4

"wherein said step of generating said transaction code further comprises said customer obtaining said transaction code"

Cohen discloses "... a user.., is provided with a disposable or customized number..." (Cohen, col. 3, ll. 43-45). The user being provided with the customized credit card number is the same as the customer obtaining the transaction code. Accordingly, Cohen anticipates claim 4 of the '988 Patent.

v. Claim 5

"generating a transaction code which reflects at least one of a plurality of said payment categories"

Cohen discloses that the disposable or customized card number "can also be customized for only particular uses or groups of uses" (Cohen, col. 7, ll. 66-67). Accordingly, the customized number would reflect at least one of a group of customized uses.

vi. Claim 6

"defining at least one payment category to include amount parameters for a cost of one or more purchases"

Cohen discloses that "[a] customized credit card could be issues to the user which is only valid...to the credit limit decided by the issuer or [user]..." (Cohen, col. 8, l1.25-30). The provided credit limit signifies amount parameters for a cost that may be included as at least one of the customized uses that may be designated.

vii. Claim 7

"defining at least one payment category to include time parameters during which the purchase can be completed"

Cohen discloses that "...each of the disposable credit cards can be given an expiration date...[t]hus, if the credit card is not used within the time limit, it expires"

(Cohen, col. 6, ll.4-7). Accordingly, Cohen discloses time parameters during which the purchase can be completed.

viii. Claim 8

"defining at least one payment category to include limiting said transaction code to a single transaction for a purchase within a predetermined period of time"

Similar to claim 7, above, claim 8 recites a purchase within a predetermined period of time, but additionally limits the transaction code to a single transaction. Likewise, Cohen discloses that a card may "be valid for a specific predetermined amount of time" (Cohen, col., 7, ll. 61-62). In addition, Cohen also discloses that the card may be used for a single transaction, stating that "[w]ith respect to the disposable card, the user is instructed that, after use of the number once, the number may not be used again" (Cohen, col. 3, ll.60-62). Accordingly, Cohen's disposable card valid for a specific predetermined period of time anticipates claim 8 of the '988 Patent.

ix. Claim 9

"defining at least one payment category to include limiting purchases to a single transaction at a maximum amount for purchase within a predetermined period of time"

As discussed above, Cohen discloses that a disposable card number could be used for a single transaction, which may also only be valid up to a specific credit limit. Additionally, as also discussed above, Cohen discloses that the card may also only be valid for a specific predetermined amount of time. Furthermore, Cohen directly discloses this specific recitation, stating that "[t]he card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in a certain store..." (Cohen, col. 8, ll. 43-45).

x. Claim 10

"defining at least one payment category to include limiting purchases to at least one payment category to at least two purchases at a maximum total amount for items purchased within a predetermined period of time"

Claim 10 includes the same recitation of claim 9, but is directed towards "at least two purchases" at a maximum total amount, rather than the "single transaction" recited in claim 9.

Cohen discloses throughout that a disposable card number may be used for a single use, while a customized card number may be used for customized use, which can include multiple transactions of multiple types, or from "groups of stores or types of stores, or types of purchases or items" (Cohen, col. 8, ll. 43-47). Accordingly, Cohen anticipates the recitation of claim 10 of the '988 Patent.

xii. Claim 13

"defining at least one payment category to include using said transaction code for a repeating transaction at a fixed amount payable to each of an unspecified number of time intervals"

Claim 13 includes a recitation identical to that of claim 12, except that the number of time intervals recited in claim 13 is unspecified. As discussed above, Cohen discloses that "the card can have a user customized range of dates or series of dates" for fixed amounts. (Cohen, col. 7, ll. 44-46). When the series of dates is customized to have no end but rather be a series of repeating dates (e.g., every Wednesday, the first of every month, etc.) as is disclosed in Cohen, then the credit card number would be used for a repeating transaction at an unspecified number of time intervals. Accordingly, Cohen anticipates claim 13 of the '988 Patent.

xiii. Claims 14, 26, and 34

"defining at least one payment category to include limiting a repeating transaction to a maximum dollar amount"

Claims 14, 26, and 34 each include the above recitation and are dependent from claims 1, 21, and 22, respectively. As discussed previously with respect to claims 11-13, Cohen discloses a repeating transaction as well as a designated purchase limit. In addition, Cohen discloses that "combinations of dates of transactions, types of transactions, amounts for individual and/or total transactions, etc. on a single card, or on multiple cards, can be set as well" (Cohen, col. 10, ll. 31-35). Accordingly, Cohen discloses the combination of groups of uses, which includes limiting a repeating transaction to a maximum dollar amount.

xiv. Claims 15, 27, and 35

"defining at least one payment category to include limiting purchases to a limited time interval during which a purchase is permitted"

Claims 15, 27, and 35 each include the above recitation, and are dependent from claims 1, 21, and 22, respectively.

As discussed above with respect to claim 7, Cohen discloses that "...each of the disposable credit cards can be given an expiration date...[t]hus, if the credit card is not used within the time limit, it expires" (Cohen, col. 6, ll. 4-7). And specifically, Cohen also discloses that the card "...could also be valid for a specific predetermined amount of time" (Cohen, col. 7, ll. 61-62). Accordingly, Cohen anticipates the claimed limited time interval during which a purchase is permitted.

xv. Claims 16, 28, and 36

"communicating said transaction code to the customer at the location of the merchant for use in person"

Claims 16, 28, and 36 each include the above recitation and are dependent from claims 1, 21, and 22, respectively.

Like the '988 Patent, Cohen discloses that the disposable or customized credit card number are ideally suited for Internet or other network-based financial transactions, but may also be used in person. Along these lines, Cohen discloses that there may be a physical manifestation of the card, that may be provided to the vendor such that "[t]he vendor could read the number of the disposable or customized card, could scan the number with a bar code scanner, could read a magnetic strip on the disposable card, or so forth" (Cohen, col. 4, ll. 31-35). Accordingly, Cohen discloses that the transaction code may be communicated to the customer at the location of the merchant for use in person.

xvi. Claims 17 and 19

a) "A method of performing secure credit card purchases, said method comprising the steps of:"

As pointed out above with respect to claim 1, Cohen discloses that "[i]t is an object of the present invention to provide improved credit cards and methods for credit card transactions" and that "[i]t is a further object of the present invention to provide methods and apparatus for secure transmission of credit card information" (Cohen, col. 1, ll. 48-62). Accordingly, Cohen anticipates secure credit card purchases.

b) "identifying a pre-established account that is used to make credit card purchases"

Cohen discloses that the user "provid[es] the ordinary credit card number and verification data" to her credit card company (Cohen, col. 3, ll.42-45). It is inherent in the art and disclosed by Cohen that providing the ordinary credit card number and verification data to a credit card company is for the purpose of identifying a pre-established account used to make purchase with provided same credit card.

c) "selecting a pre-determined payment category which limits its a nature, of a series of subsequent purchases to one or more merchants"

As stated with respect to claim 1, Cohen discloses that the card can "be customized for only particular uses or groups of uses," which would constitute payment categories as claimed by the '988 Patent (Cohen, col. 7, ll. 66-67). In addition, some of the uses that the card can be customized for include the card only being valid "for use for that particular type of charge (computer or hardware stores...[or] for use in a particular store itself or a particular chain of stores" (Cohen, col. 8, ll. 25-34). Therefore, the customized use can include limiting a number of transactions to one or more merchants. As also discussed previously, Cohen also discloses that the customized uses may include limited use for both a series of subsequent purchase or a single subsequent purchase.

d) "said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants"

Cohen discloses that a card "could be issued to the user which is only valid for use for that particular type of charge" (Cohen, col. 8, ll.25-28) (emphasis added). A customized use card with a customized use for only that particular type of charge would

result in a card with a merchant limitation (e.g., only those merchants of that type) prior to any particular merchant (e.g., a specific merchant of that type) being identified.

e) "generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account"

As discussed with respect to claim 1, Cohen discloses "credit cards or credit card numbers are generated" by the credit card company (Cohen, col. 2, ll.35-36). The disposable or customized credit card numbers can be indistinguishable from ordinary credit card numbers such that "both users and vendors are encouraged to use the credit card in the same manner as regular credit cards" (Cohen, col. 3, ll. 6-9).

f) "said transaction code associated with at least said pre- established account and the limits of said selected payment category"

The '988 Patent states that "the transaction code is pre-coded to be indicative of a specific credit card account...and a designated payment category" (col. 6, ll.33-35). Similarly, The customized or disposable credit card numbers of Cohen, like the transaction code of the '988 Patent, may have a "single or a limited range use," where the single or customized use corresponds to the single or customized use previously indicated (Cohen, col. 3, ll. 47-48). In addition, Cohen also discloses that "...the credit card can be marked, if desired, to show both that it has been processed to charge money to the person's account...," which illustrates the association of the customized credit card with the specific credit card account (Cohen, col. 4, ll. 36-38).

g) "different from said pre-established account"

Cohen discloses that "[n]o vendor would ever.., receive or have access to the user's permanent credit card number. Rather, the vendor would receive a disposable

credit card number from the user's supply" (Cohen, col. 4, ll. 26- 31). Accordingly, Cohen discloses that the disposable or customized credit card number is different from the account number of the user's pre-established account.

h) "communicating said transaction code to said merchant consummate a purchase within defined purchase parameters"

Cohen discloses that "...the user transmits his or her credit card information to the vendor. That vendor then verifies the transaction..." (Cohen, col. 5, ll. 36-37). The process of a vendor verifying a transaction includes requesting authorization for the transaction from the issuer of the credit card used in the transaction, and that authorization requests include transaction details (e.g., defined purchase parameters).

i) "verifying that said defined purchase parameters correspond to said selected payment category"

As discussed previously with respect to claim 1's identical recitation, Cohen discloses that the vendor "then verifies the transaction" such that the card "is only valid for use for that particular type of charge...such that if the [user] tries to use it for anything else...the charge will be declined" (Cohen, col. 8, ll.25-32). This constitutes "verifying the defined purchase parameters being within the payment category," such that if the transaction details are not within the customized use associated with the card, the charge will be declined.

j) "providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase"

As discussed with respect to this recitation included in claim 1, Cohen discloses that, as part of the verification/authorization of the transaction "...the credit card

company notes the identity of the vendor, authorizes the transaction (if the credit card number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor" (Cohen, col. 5, ll.45-49). Accordingly, as stated above, the authorization of the transaction confirms that the purchase parameters are within the customized use, and the forward of the authorization code to the vendor authorizes the payment required to complete the transaction. Therefore, Cohen anticipates this recitation of claim 17.

k) "associating the purchase with said pre-established account"

Cohen discloses, as discussed above, that "...the credit card can be marked, if desired, to show both that it has been processed to charge money to the person's account..." (Cohen, col. 4, ll.36-38). By showing that the transaction has been processed, and that money has been charged to the person's account, the transaction is therefore associated with the charge on the person's account and is therefore associated with the pre-established account. Accordingly, Cohen anticipates this recitation.

Claim 19 is almost identical to claim 17, except for two recitations. First, in claim 19, the "selecting a predetermined payment category" step recites a single subsequent purchase instead of the series of subsequent purchases recited in claim 17. As discussed above, Cohen discloses disposable card numbers for a single transaction.

Second, claim 19 also includes the recitation "designating a merchant as one of said one or more merchants." As discussed previously with respect to claims 2, 3, and 20, Cohen discloses that a merchant may be designated by the customer "transmit[ting]

his or her credit card information to the vendor," which anticipates this recitation (Cohen, col. 5, ll.36-37).

Based upon the foregoing, it is apparent that Cohen discloses the method for performing secure credit card purchases as recited in claims 17 and 19 of the '988 Patent.

xvii. Claim 18

"said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as one of said one or more merchants"

Cohen discloses that "[u]pon use of the card, the information regarding the transaction is transmitted to the credit card company, as is known in the art" (Cohen, col. 13, ln. 66 - col. 14, ln. 1). It is inherent in the art that merchant identification is included in the transaction details transmitted to the credit card company. Accordingly, during the verification of the transaction details, the merchant is identified as one of the one or more merchants based on the included merchant identification. Accordingly, Cohen anticipates claim 18 of the '988 Patent.

xviii. Claims 21 and 22

The recitations of claim 22 are identical to the recitations of claim 21, except that where claim 21 recites "a single merchant," claim 22 recites "one or more merchants."

a) "A method for implementing a system for performing secure credit card purchases, the method comprising:"

As pointed out above with respect to claims 1 and 17, Cohen discloses that "[i]t is an object of the present invention to provide improved credit cards and methods for

credit card transactions" and that "[i]t is a further object of the present invention to provide methods and apparatus for secure transmission of credit card information" (Cohen, col. 1, ll. 48-62). Accordingly, Cohen anticipates secure credit card purchases.

b) "receiving account information from an account holder identifying an account that is used to make credit card purchases"

As stated previously, Cohen discloses that the user "provid[es] the ordinary credit card number and verification data" to her credit card company (Cohen, col. 3, ll. 42-45). This constitutes account information that is received from the user (the account holder). It is inherent in the art that providing the ordinary credit card number and verification data to a credit card company is for the purpose of identifying a pre-established account used to make purchase with provided same credit card. Accordingly, Cohen anticipates this recitation.

c) "receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant"

As stated above, this recitation as included in claim 22, is directed to limiting transactions to "one or more merchants" rather than the "a single merchant" recited in claim 21. Cohen discloses that "[a] user dials into her credit card company before making a transaction, and...is provided with a disposable or customized number" where the user "...can indicate in advance of purchase...what the single use or the customized credit card number is to be used for" (Cohen, col. 3, ll. 49-52). As discussed above, the single or customized use may include types of charges, a particular merchant, multiple merchants, etc. Accordingly, Cohen discloses a request from an account holder for a

customized credit card number to make a purchase that limits transactions to either a single merchant or one or more merchants as the case may be.

d) "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant"

Cohen discloses that a card "could be issued to the user which is only valid for use for that particular type of charge" (Cohen, col. 8, ll. 25-28). A customized use card with a customized use for only that particular type of charge would result in a card with a merchant limitation (e.g., only those merchants of that type) prior to any particular merchant (e.g., a specific merchant of that type) being identified. Additionally, Cohen states that the card could even be customized for use in a particular store itself or a particular chain of stores (Cohen, col. 8, ll. 32-34). This is including one or more merchants in a payment category, a particular chain of stores, prior to any particular merchant being identified.

e) "generating a transaction code utilizing a processing computer of a custodial authorizing entity, said transaction code associated with said account"

As discussed with respect to claims 1 and 17, Cohen discloses "credit cards or credit card numbers are generated" by the credit card company (Cohen, col. 2, ll.35-36). The disposable or customized credit card numbers can be indistinguishable from ordinary credit card numbers such that "both users and vendors are encouraged to use

the credit card in the same manner as regular credit cards" (Cohen, col. 3, ll.6-9). In addition, as discussed previously regarding claim 17, Cohen also discloses that "...the credit card can be marked, if desired, to show both that it has been processed to charge money to the person's account...," which illustrates the association of the customized credit card with the specific credit card account (Cohen, col. 4, ll. 36-38).

f) "reflecting at least the limits of said payment category, to make a purchase within said payment category"

As discussed above, the customized or disposable credit card numbers of Cohen, like the transaction code of the '988 Patent, may have a "single or a limited range use," where the single or customized use corresponds to the single or customized use previously indicated (Cohen, col. 3, ll.47-48). Accordingly, this means that the customized card number reflects at least the limits of the customized use for making a purchase within the customized use.

g) "communicating said transaction code to said account holder"

Cohen discloses that, upon dialing in to the credit card company, the account holder "... is provided with a disposable or customized number..." (Cohen, col. 3, ll.43-45). Accordingly, this anticipates communicating the disposable or customized number to the account holder.

h) "receiving a request to authorize payment for a purchase using said transaction code"

Cohen discloses "receiving the request for verification" from the vendor using the customized credit card (Cohen, col. 5, ll. 35-49). This request for verification, which is

inherent in the art, is the same as the request to authorize payment. Accordingly, Cohen anticipates this recitation.

i) "authorizing payment for said purchase if said purchase is within said payment category"

As discussed previously with respect to the "verifying" step of claims 1 and 17, Cohen discloses that, as part of the verification/authorization of the transaction "...the credit card company notes the identity of the vendor, authorizes the transaction (if the credit card number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor" (Cohen, col. 5, ll. 45-49). Accordingly, as stated above, the authorization of the transaction confirms that the purchase parameters are within the customized use, and the forward of the authorization code to the vendor authorizes the payment required to complete the transaction.

xix. Claims 23 and 31

"wherein the step of receiving account information from the account holder identifying an account that is used to make credit card purchases further comprises receiving information identifying a credit card account"

Claims 23 and 31 each contain this recitation, and are directed to claims 21 and 22, respectively.

As stated above with respect to claims 21 and 22, Cohen discloses the user dialing into her credit card company and providing "the ordinary credit card number and verification data" that constitutes information identifying a credit card account (Cohen, col. 3, l1.42-45). Accordingly, Cohen anticipates this recitation.

xx. Claims 24 and 32

"wherein the step of generating a transaction code utilizing a processing computer of a custodial authorizing entity further comprises generating a transaction code which reflects at least one of a plurality of predetermined payment categories"

Claims 24 and 32 each contain this recitation, and are directed to claims 21 and 22, respectively. Like discussed above, Cohen discloses generating a disposable or customized credit card number that "can also be customized only for particular uses or groups of uses" (Cohen, col. 7, ll.66-67). As the card number is customized for at least one of the plurality of uses, it therefore reflects at least one of the plurality of predetermined payment categories.

xxi. Claims 25 and 33

"wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that is automatically chosen by a custodial authorizing entity"

Claims 25 and 33 each include the above recitation and are dependent from claims 21 and 22, respectively. As discussed previously, Cohen discloses receiving a request for a disposable or customized credit card number from a user to make a purchase within a payment category. It is inherent that, based on the user "indicat[ing] in advance of purchase...what the single use or the customized credit card number is to be used for" the credit card company would automatically chose the corresponding payment category. Because the payment categories, and authorization of cards as being within those payment categories, are managed by the credit card company, it is well known in the art that the credit card company would automatically choose the corresponding payment category (e.g., based on the information indicated by the user).

xxii. Claims 29 and 37

"wherein said step of receiving a request to authorize payment for a purchase using said transaction code further identifies said single merchant"

Claims 29 and 37 each contain this recitation, and are directed to claims 21 and 22, respectively. As stated above with respect to the "receiving a request" step of claims 21, and 22, Cohen discloses that "[u]pon use of the card, the information regarding the transaction is transmitted to the credit card company, as is known in the art" where it is known in the art that transaction details included as part of the authorization request include merchant identification that identifies a merchant (Cohen, col. 13, ln. 66 - col. 14, ln. 1). In further support, Cohen also discloses that, as part of the authorization process, "...the credit card company notes the identity of the vendor..." and thus identifies the merchant (Cohen, col. 5, ll.45-49).

xxiii. Claims 30 and 38

"wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a predetermined payment category that is further limited in accordance with transaction details provided by said account holder"

Claims 30 and 38 each contain this recitation, and are directed to claims 21 and 22, respectively.

Cohen discloses that as part of the request for a customized number "...a user can indicate in advance of purchase...what the single use or the customized credit card number is to be used for" (Cohen, col. 3, ll. 49-52). The customized number can be further limited as the "user could even identify the general or specific type and amount

of transaction in advance," which constitutes transaction details provided by the user (Cohen, col. 5, ll. 23-25). Therefore, Cohen discloses the methods for performing and for implementing a system for performing secure credit card purchases.

Claim Rejections - 35 USC § 103

The following is a quotation of pre-AIA 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 11 and 12 are rejected under pre-AIA 35 U.S.C. 103(a) as being unpatentable over Cohen.

Cohen discloses all of claim 1 as described above but lacks in disclosing a repeating transaction described in claims 11 and 12. Instead, Cohen discloses defining a payment category (e.g., customized uses) to include using the credit card number for at least two purchases with a designated purchase limit (e.g., fixed amount payable). In addition to this, Cohen also discloses that "the card can have a user customized range of dates or series of dates" (Cohen, col. 7, ll. 44-46). The customized range or series of dates could be used to effect a repeating transaction, by the customized series of dates being a repeatable series. Likewise, a limit placed on the series could result in a fixed number of time intervals. Cohen additionally states in Col.8 ll.35-36 that any of the features in the present application can also be combined. This would include

customized time periods and customized amounts. It is notoriously well known that the art that making car or mortgage payments involves multiple equal payments at a number of time intervals. It would have been obvious to one of ordinary skill in the art to provide such a payment category in the method described in Cohen because periodic payments in car and mortgage payments are so prevalent and notorious in the art that one of ordinary skill in the art would have expected and therefore would have found obvious making equal payments at specified times for these types of payments. The desirability for making equal payments would have been readily apparent from the increased convenience of predictability that equal payments provide. Therefore including a payment category for a repeating transaction in the method described in Cohen would have been obvious to one of ordinary skill in the art. See KSR, 127 S.Ct. at 1741. The inclusion of a payment category for a repeating transaction to the payment categories already provided in Cohen is merely a predictable variation that yields a predictable result. Id. at 1739-40.

Reexamination

In order to ensure full consideration of any amendments, affidavits or declarations, or other documents as evidence of patentability, such documents must be submitted in response to this Office action. Submissions after the next Office action, which is intended to be a final action, will be governed by the requirements of 37 CFR 1.116, after final rejection and 37 CFR 41.33 after appeal, which will be strictly enforced.

Analysis of the Request for Reexamination and the Denial of the Request

The third party requester in the Request proposes that a substantial new question of patentability is raised as follows (See Request p. i):

A. Claims 1-38 are anticipated by Cohen.[2]
B. Claims 11 and 12 are obvious over Cohen in view of Musmanno.
C. Claims 1-8, 15, 19-24, 27, 29-32, 35, and 37-38 are anticipated by Franklin.
D. Claims 16, 25, 28, 33, and 36 are obvious over Franklin.
E. Claims 17 and 18 are obvious over Franklin in view of Joao.
F. Claims 9-14, 26, and 34 are obvious over Franklin in view of Yanagihara.

In the Order the examiner determined that none of these combinations of references raised a substantial new question of patentability with respect to the claims of the '988 patent. The third party requester ["Petitioner"] in the petition seeks review of the examiner's determinations. Note that Petitioner only argues that the examiner erred in his determination as to Cohen, therefore only Proposals A and B are under consideration in this decision. While Proposal B was not specifically addressed in the petition, it was denied by the examiner for the same reasons as Proposal A therefore it can be considered that Petitioner believes the examiner erred as to that proposal as well.

Cohen is drawn to an apparatus and method for improved credit card transactions, where the credit cards are provided with only a one time use, or some other limited use. Col. 2 ll. 35-62. Similar to the '988 patent, the credit card account holder can obtain from the credit card company a customized number to be used for a limited range of transactions, and can indicate in advance what the number is to be used for. Col. 3 ll. 41-55. The card holder can then communicate the number to the merchant to complete a transaction, and the card company will authorize it if applicable or deny it if used for something different than the customized use—for example if it is to be used for airline travel but the number is used for a different type of transaction. Col. 5 ll. 35-39; Col. 7 ll. 66 – Col. 8 ll. 5. Examples of customized limitations of the card are time limits, purchase amounts, particular merchants, locations, individuals, or industries.

The third party requester alleges that Cohen anticipates all of the claims of the '988 patent. As to the key feature deemed missing during the previous examination, the requester gave two arguments. First, it argued that the term "limiting a number of transactions to one or more merchants" as well as doing so "prior to any particular merchant being identified" is not a

[2] See Request p. ii for citations of the references.

limitation at all, because it is limited to any number of merchants, so it is not really limiting. Request pp. 5-6; 25-27. It also argues that Cohen describes these features. *Id.* at 26-27.

As to the argument that the claim term is not a limitation, the Director disagrees because the claim requires there to be some limitation of the number. That is, the claim requires the positive step of making a limit, even if that limit were of any number of merchants. In other words, if a device were silent as to what merchants are able to accept transactions, it would not meet the claim language. If a device explicitly attempts to limit the merchants somehow it could meet the claim language. In that case, even if the limit is very broad, the step of limiting exists. The claim does not care how the number of merchants is limited, so long as there is some limit. Requester simply asks us to ignore this claim language, but it is not reasonable to simply assume the claim language has no meaning. This is particularly so because this is the very reason why the claims were allowed previously. When considering whether there is a new question of patentability, one cannot assume that the very reason the claim was allowed has no patentable weight.

The third party requester has also argued that Cohen does provide a limit on the number of merchants and providing such limit before a particular merchant is identified. For example, it is argued that in Cohen one can limit the transactions only to a particular type of merchant, such as computer stores. Request p. 26 (citing Cohen col. 8 ll. 25-34); see also Cohen col. 8 ll. 43-45 (card can be limited to use at certain types of stores, such as clothing stores). If this were the case, the payment category would limit the number of merchants—to, for example, only clothing stores. At the same time, limiting to "clothing stores" does not identify any one particular merchant. Accordingly, it would appear that Cohen does include "defining a payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified" as claimed. This is the material which was deemed missing during the original prosecution.

In light of these teachings, as well as the third party's application of Cohen to all of claims 1-38 as set forth in the Request, a reasonable examiner would have considered Cohen important in considering the patentability of all claims 1-38. These teachings are not cumulative to any written discussion on the record of the teachings of the prior art, were not previously considered nor addressed during a prior examination, and the same question was not the subject of a final holding of invalidity in the Federal Courts. Cohen raises a substantial new question of patentability as to claims 1-38.

For the same reasons, the third party requester's allegation that claims 11 and 12 are obvious over Cohen in view of Musmanno raises a substantial new question of patentability. Musmanno is provided only for teaching the features of these dependent claims. Request pp. 50-51. The third party applies the art to the claims and gives a reason to combine the references, and such

reasons appear reasonable. This combination would therefore have been important to a reasonable examiner in determining the patentability of these claims for the same reason that Cohen alone was important as to parent claim 1.

The examiner in the Order denied the request because he disagreed with the requester's argument that the key claim term is non-limiting, and also because he found Cohen's relevant teachings are cumulative to those of the old Franklin '832 reference. Order mailed Dec. 6, 2012 at pp. 6-8. As discussed above, the Director generally agrees with the examiner that the claim terms are limiting, but the Director does not agree that Cohen is cumulative to Franklin '832.

The examiner found that Cohen's restrictions are drawn to specific merchants and particular stores. Thus, the examiner determined that Cohen must necessarily specify the identities of those merchants when defining the payment category. The examiner equates this teaching, as well as the type of charge teaching, to the merchant ID and goods ID of Franklin '832 col. 2 ll. 29-32. The Director disagrees because, as discussed above, Cohen does not necessarily limit transactions to any specific merchant or particular store—if Cohen provides a limit of "clothing stores" then there is necessarily a limit on number of stores, as not all stores are clothing stores. At the same time there is no limit or specific identification of any specific store. Cohen therefore limits a number of transactions to one or more merchants, those of a specific industry, while not identifying and particular merchant. Limiting by industry does not necessarily identify a particular merchant, so there is not necessarily something like the merchant ID of Franklin '832.

The examiner also appears to state this is cumulative to the "goods ID" of Franklin '832. The Director does not agree, because there is no indication that "goods ID" has anything to do with identification of a type of store. That is, even if the type of goods are identified (i.e. clothes) this is not the same thing as providing a limit to a subset of stores as is done in Cohen (i.e. clothing stores). Cohen provides both teachings while Franklin '832 does not. Cohen is therefore more relevant to the claims and provides a new technical teaching not present in Franklin '832. Cohen raises a substantial new question of patentability with respect to claims 1-38 alone, and with respect to claims 11 and 12 when combined with Musmanno.

Accordingly, the petition filed January 7, 2013 is granted. The request for reexamination filed September 12, 2012 is granted with respect to the substantial new questions of patentability based on Cohen.

> Requester points to Cohen's transaction restrictions as a basis for raising a substantial new question of patentability. However the restrictions noted not only are the same types of restrictions found by the Examiner in Franklin '832, they fail to address the claim language identified for patentability.
>
> Requester notes that Cohen's pre-arranged restrictions may include:
>
> "Examples of the customized uses for which a disposable or customized number can be indicated may include a time limit (col. 6, ln. 7), a specified sequence (col. 4, ln. 13), specific merchant or industry (col. 8, ll. 2-14), specific individuals or groups of individuals (col. 8, ll. 15-16), a specific merchant or merchants (col. 8, ll. 33-34), purchase amount (col. 8, ln. 44), geographic area (col. 8, ll. 58-59), security level (col. 10, ln. 5), etc. These various customized uses can also be used in combination, such as a customized number to be used on specific dates, for specific amounts, etc. (col. 10, ll. 24-35)" [request, page 13].
>
> "for use in a particular store itself or a particular chain of stores" [request, page 26].
>
> "only valid for that particular type of charge" [request, page 26].

Yes, some similar restrictions are found in Franklin (the prior art applied in the prosecution of the '988 Patent that was found by the ex parte examiner to disclose only pre-identification of the merchant), but Cohen does address the claim language.

The Order first acknowledges that "Cohen's restriction to 'specific merchant'(s) and "particular store"(s) would cover the claim language of restriction to "one or more merchants" as part of the category restriction" but then erroneously concludes:

> However, such a category restriction clearly cannot be defined "prior to any particular merchant being identified" as claim 1 requires. Cohen's "specific merchant"(s) or "particular store"(s) necessarily requires prior specifying of those merchant identities.

This is clearly not true when referring to restricting the transactions to a "specific industry". Though not specifically identified in Cohen or the '988 Patent, transactions can be limited to an industry by the use of merchant category codes (MCCs) that are conveyed with an transaction authorization request in currently used transaction processing systems. Cohen makes reference to this type of code by reference to "types

of charges" in passages such as: "For example, the card could be customized so that it is only good for airline reservations, such that if the employee tries to use it for any other type of charge, the charge will be declined, regardless of the amount of the transaction involved." Col. 8, lines 2-6.

As such, Cohen clearly discloses that transactions may be limited to a "specific industry" without identifying any specific or particular merchants. Cohen clearly meets the recitation of "defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants."

As stated above and as overlooked in the Order, Cohen discloses that transactions may be limited to an industry "prior to any particular merchant being identified as one of said one or more merchants." Limiting to an industry would result in transactions being limited to "one or more merchants," those merchants in the specified industry, without any particular merchants being identified. As such, Cohen discloses the above recitation of the '988 Patent, where a payment category may be defined including limiting a number of transactions to one or more merchants (merchants in a specific industry) without identifying a particular merchant.

At page 3 of the Order, the Examiner stated that the claims of the '988 Patent were allowed due to the recitation of "defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants. This is exactly what

g) verifying that said defined purchase parameters are within said designated payment category; and

h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.

Requester interprets the above-highlighted claim language:

"does not present a meaningful limitations in the claims" [request, page 4].

"[the claimed] transactions are 'limited' to any possible number of merchants [due to the 'one or more merchants' phrase], which is not a limitation at all. Thus, the recited claim limitation becomes non-limiting." [request, page 5].

Requester takes an unreasonable, overly-broad position regarding this claim scope, ignoring the plain meaning of the words. The claim requires a payment category to be defined, such category being used in the latter parts of the claim as a way to authorize the subsequent transaction(s) and confirm the transaction as within the category restriction(s). The particular category restriction set forth is one "limiting a number of transactions to one or more merchants" and this is done "prior to any particular merchant being identified as one of said one or more merchants". This appears to be consistent with the teachings in the specification:

"The payment category may also include a multi-transaction authorization wherein more than one purchase may be made from one or a plurality of different merchants, each of which may or may not be identified by the customer and pre-coded in association with the transaction code…and/or…can **designate that only one merchant, whether designated or not**, can use the transaction code." [US Patent 8,036,988, 8:18-34]

One of ordinary skill would find this to teach transactions to be restricted to a certain quantity of merchants, whereby the identity of merchant(s) could either be pre-identified or the identity of merchant(s) could be unspecified. Looking to the claim language, the words in the claim require a restriction defined as a finite number of merchants with the further requirement that the merchant(s) NOT be identified at the time of defining the category restriction.

payment category prior to identifying any particular merchant, also becomes a non-limitation" [request, page 26].

As described by the examiner previously, Broadest Reasonable Interpretation of the claim language doesn't allow application of prior art that merely restricts a transaction code to any type of transaction category; the restriction must be a limiting to one or more merchants, but prior to the merchant(s) being identified.

Requester points to Cohen's transaction restrictions as a basis for raising a substantial new question of patentability. However the restrictions noted not only are the same types of restrictions found by the Examiner in Franklin '832, they fail to address the claim language identified for patentability.

Requester notes that Cohen's pre-arranged restrictions may include:

"Examples of the customized uses for which a disposable or customized number can be indicated may include a time limit (col. 6, ln. 7), a specified sequence (col. 4, ln. 13), specific merchant or industry (col. 8, ll. 2-14), specific individuals or groups of individuals (col. 8, ll. 15-16), a specific merchant or merchants (col. 8, ll. 33-34), purchase amount (col. 8, ln. 44), geographic area (col. 8, ll. 58-59), security level (col. 10, ln. 5), etc. These various customized uses can also be used in combination, such as a customized number to be used on specific dates, for specific amounts, etc. (col. 10, ll. 24-35)" [request, page 13].

"for use in a particular store itself or a particular chain of stores" [request, page 26].

"only valid for that particular type of charge" [request, page 26].

Cohen's restriction to "specific merchant"(s) and "particular store"(s) would cover the claim language of restricting the transaction to "one or more merchants" as part of the category restriction. However, such a category restriction clearly cannot be defined "prior to any particular merchant being identified" as claim 1 requires. Cohen's "specific merchant"(s) or "particular store"(s) necessarily requires prior specifying of those merchant identities.

Cohen's "type of charge" as argued by requester provides a restriction of the type of purchased item, but does not define a limit on the number of merchants as required by the claims.

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Any inquiry concerning this communication should be directed to **the Central Reexamination Unit** at telephone number **517-272-7705.**

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be applied to a transaction code in order to limit its use." (Exh. 1001, '988 Patent at 3:5-8; 3:53-4:7; 4:25-29; 7:7-13; 7:61-8:48; *see* Exh. 1008, Grimes Dec. at ¶ 22).

- "**particular merchant**": For review purposes, this term means "a specific merchant with whom a customer can engage in the purchase transaction." (Exh. 1001, '988 Patent at 4:5-7; 4:13-18; 4:49-54; *see* Exh. 1008, Grimes Dec. at ¶ 23).

- "**verifying that said defined purchase parameters are within said designated payment category**": For review purposes, this term means "ascertaining that any limitation associated with the designated payment category is satisfied." (Exh. 1001, '988 Patent at 4:13-18; 7:13-29; *see* Exh. 1008, Grimes Dec. at ¶ 24).

- "**one or more merchants**" and "**a number of transactions**": For review purposes, Petitioner accepts the PTAB's construction of "one or more merchants" and "a number of transactions." *See* Exh. 1014, PTAB's 3/7/14 CBM Decision for the '988 Patent at 8-9. (Grimes Dec. at ¶ 25).

- "**prior to any particular merchant being identified**": For review purposes, this term means "prior to the identification of a particular merchant for the particular transaction(s) or purchase(s) in said payment category." (Exh. 1001, '988 Patent at 6:37-48, Fig. 1; Exh. 1013, '486 Patent File History, 7/26/10 Office Action at 18-19; *see* Exh. 1008, Grimes Dec. at ¶ 26).

US006422462B1

(12) **United States Patent**
Cohen

(10) **Patent No.: US 6,422,462 B1**
(45) **Date of Patent: Jul. 23, 2002**

(54) **APPARATUS AND METHODS FOR IMPROVED CREDIT CARDS AND CREDIT CARD TRANSACTIONS**

(76) Inventor: **Morris E. Cohen**, c/o 757 Third Ave., Suite 2400, New York, NY (US) 10017

(*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

(21) Appl. No.: **09/280,483**

(22) Filed: **Mar. 30, 1999**

Related U.S. Application Data

(60) Provisional application No. 60/079,884, filed on Mar. 30, 1998.

(51) **Int. Cl.**[7] **G06F 7/08**
(52) **U.S. Cl.** **235/381**; 235/380; 705/41
(58) **Field of Search** 235/487, 382, 235/380, 395, 492, 379; 705/35, 38, 39, 1, 20, 26, 41

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Primary Examiner—Thien M. Le

(57) **ABSTRACT**

Customized credit and debit cards for issuance by a person or main cardholder, the cards being limited to use in transactions at selected vendors only. Thus, for example, a parent or corporation can issue a customized card to a person or group, wherein the card is only valid for use at restaurants, airlines, hotels, certain stores, or so forth.

25 Claims, 1 Drawing Sheet

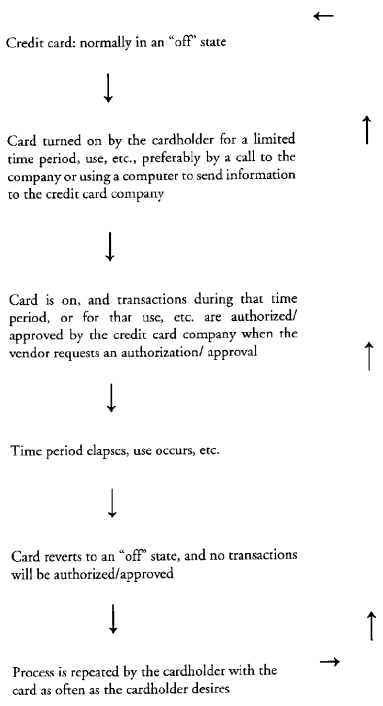
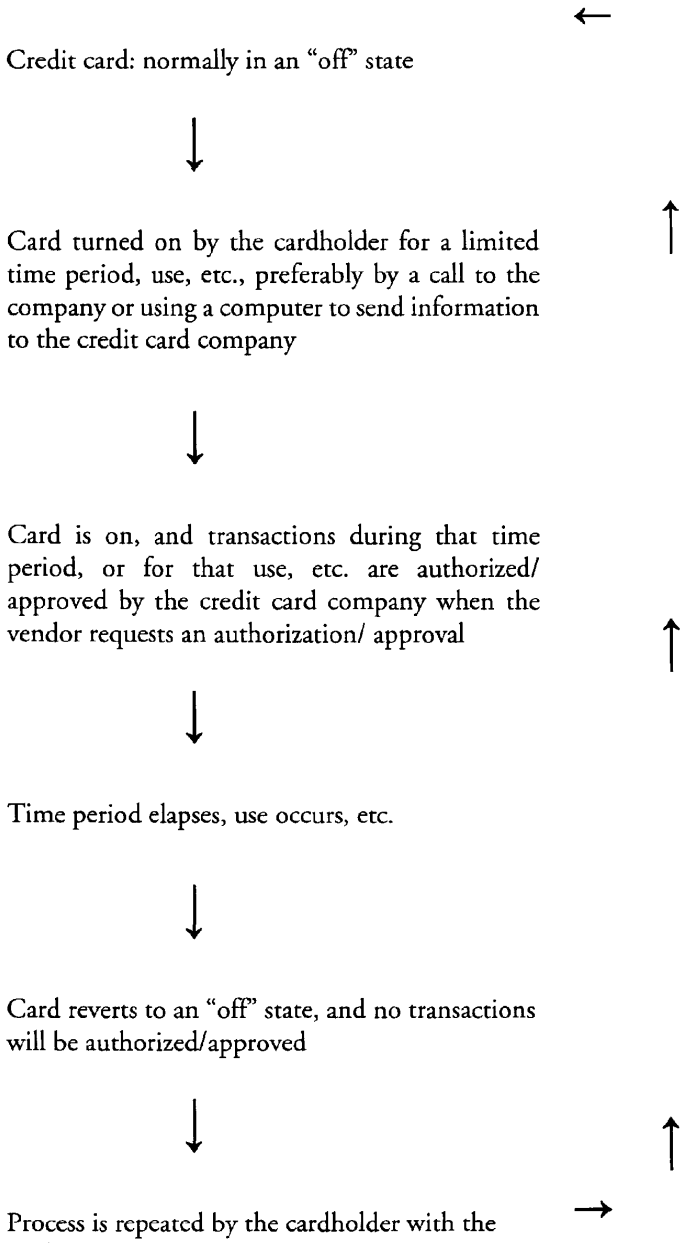


Figure 1


Credit card: normally in an "off" state
Card turned on by the cardholder for a limited time period, use, etc., preferably by a call to the company or using a computer to send information to the credit card company
Card is on, and transactions during that time period, or for that use, etc. are authorized/ approved by the credit card company when the vendor requests an authorization/ approval
Time period elapses, use occurs, etc.
Card reverts to an "off" state, and no transactions will be authorized/approved
Process is repeated by the cardholder with the card as often as the cardholder desires

APPARATUS AND METHODS FOR IMPROVED CREDIT CARDS AND CREDIT CARD TRANSACTIONS

RELATED APPLICATIONS

The present application claims all rights of priority to U.S. Provisional Application Ser. No. 60/079,884 filed Mar. 30, 1998.

BACKGROUND OF THE INVENTION

Credit cards are currently a common financial tool. Yet, credit card fraud is a considerable concern for credit card companies. The problem occurs when an unscrupulous individual obtains a copy of a person's credit card information, and then uses that information to fraudulently charge purchases to the person's card until the theft is noticed and further use of the card is blocked. In addition to being a considerable problem for the card companies themselves, this illegal practice causes inconvenience and annoyance for the innocent user whose card has somehow been compromised.

Such fraud is a potential problem in various contexts, but recently has become of significant concern in Internet transactions in particular. Transmission of credit card information over the Internet has long been suspect due to the risk of individuals monitoring traffic over the network and then using that information for their personal gain. While secure networks and connections have been increasingly available over the past several years, many are nonetheless unwilling to transmit any credit card information over the Internet, due to the possibility that valuable credit card information could be intercepted.

In addition, monitoring, control and regulation of expenditures and finances is a frequent concern of companies and individuals. It is always desirable to provide apparatus and methods which improve the apparatus and methods for such monitoring, control and regulation. Accordingly, there are numerous improvements which have been heretofore unknown in the art, which improve the effectiveness, value, and/or the efficiency of credit cards, either in general or certain types of financial transactions.

SUMMARY OF THE INVENTION

It is an object of the present invention to provide improved credit cards and methods for credit card transactions.

It is a further object of the present invention to provide for customized use credit cards.

It is a further object of the present invention to provide for user-defined credit cards for use in financial transactions.

It is a further object of the present invention to provide for disposable credit cards.

It is a further object of the present invention to provide for limited use credit cards.

It is a further object of the present invention to provide methods and apparatus for secure transmission of credit card information.

It is a further object of the present invention to provide methods and apparatus for minimizing credit card fraud, and the amounts of loss that could occur should card information be intercepted.

It is also an object of the invention to provide methods and apparatus for transmission of credit card information over the Internet with a minimal risk of possible fraud or loss.

In addition to the prevention and reduction of fraud, it is a further object of the invention to provide improved types of credit cards, and improved methods for credit card transactions.

In accordance with the invention, a variety of new forms of credit cards and credit card methods are disclosed herein. In some of the disclosed embodiments, the cards and methods provide improved credit cards and methods providing for customization, limited use, single use (disposability), or so forth. Additionally or alternatively, in some of the disclosed embodiments, the cards and methods include new forms of credit cards designed to reduce or prevent fraud. In addition to, or as an alternative to the prevention of fraud, in some of the embodiments disclosed herein, new credit cards and associated methods are provided for the improvement of credit card transactions and/or for availability of an expanded array of financial products to consumers.

BRIEF DESCRIPTION OF THE DRAWINGS

FIG. **1** is a schematic illustration of the customization of a credit card in accordance with one embodiment of the present invention.

DESCRIPTION OF THE INVENTION

In accordance with the present invention, in one embodiment of the present invention, to address the problem of credit card fraud, a new system of disposable credit card numbers is disclosed herein. These credit cards or credit card numbers are generated for a one time, single transaction basis, after which they are disposed of, or thrown away. The numbers can be used by a user over the Internet or any other communications system, whether open or secure, to effect a single transaction. After a one time use of the credit card number, the number is deactivated by the issuing credit card company such that it is no longer available for use. In this manner, a credit card company need not wait to learn whether a given credit card number has been intercepted, and one or more fraudulent purchases made (with the attendant possible loss of time, money and manpower investigating and resolving such matters) before dealing with the results of the potential theft. Rather, all numbers used over the network, or in a certain context, are assumed insecure, and once used for the first time, are no longer available for use. By doing so, the company, so to speak, "beats the thief to the punch," having already deactivated the number after a single use of the card, even before learning of the fraud.

In other embodiments of the invention, customized or limited use credit cards are provided. These cards are customized, preferably by the user, to suit the user's desires or needs. As a result, they provide methods and apparatus which have been heretofore unknown in the art, but which provide benefits that improve the efficiency, ease and uses of payment for goods and services.

Various embodiments of the inventions are possible consistent with the inventions herein. Although reference is occasionally made to either the disposable credit card embodiment or the customized credit card embodiment

herein, the features disclosed in association with one can likewise be applied to the other, as well.

With respect to the credit card's number itself, in one preferred embodiment, for example, the credit card number is indistinguishable from permanent, ordinary credit card numbers. By making the customized credit card number indistinguishable from regular numbers both users and vendors are encouraged to use the credit card in the same manner as regular credit cards.

Similarly, by making the temporary disposable numbers (or likewise the customized credit card number) indistinguishable in appearance from regular credit card numbers, a potential thief is unable to tell in advance that a particular number is a disposable number, and already not valid. This may in turn enhance the potential of catching the thief by alerting the credit card company the first time someone attempts to illegally use the pilfered number.

With respect to either the disposable or the customized credit card, relevant information (such as the expiration date etc.) can either be printed on the card or verbally transmitted to the user. Likewise, the limited use nature of the card (either in a general sense or the specific limitations), the disposability of the card, the range of dates or validity of the card, etc. may either be printed on the card or transmitted to the user, whether verbally or in writing.

In another embodiment, the customized or the disposable number is the user's regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end. This embodiment allows each customized or disposable card to be easily noted by the user to be a mere extension of his or her regular number.

Many of the embodiments herein could be used in conjunction with a policy by the credit card company (or by the main cardholder or the user) in which purchases from Internet transactions, for example (or purchases over unsecure networks), are only accepted if made in conjunction with a disposable or customized credit card number.

The invention can be practiced according to a wide variety of embodiments. In one embodiment, for example, a user dials into her credit card company before making a transaction, and after providing the ordinary credit card number and verification data, is provided with a disposable or customized number and/or mailed, provided with, or allowed to activate a disposable or customized card for a single or a limited range use.

In one embodiment of the invention, a user can indicate in advance of purchase, on the telephone call with the credit card company, what the single use or the customized credit card number is to be used for. This can be used to provide additional security and/or control the uses of the funds placed on that card.

In another embodiment, a user could be provided, each month or each year, with a set of disposable, one time only, or customized, limited use, numbers and/or cards, which are printed on the credit card statement for use during the next month or year, or which are mailed to the user. With respect to the disposable card, the user is instructed that, after use of the number once, the number may not be used again. With respect to the customized card, the cards can either be preset for certain uses, or the cards can be ready and waiting in the user's office or home for setting to the desired use when the user is ready.

The user could also be provided with a set of paper (or thin plastic) credit cards (preferably with magnetic strips), whether along with the customer's monthly statement, with a credit card encoder, with an encoding device which attaches to the computer and/or the Internet, or otherwise. Each of these credit cards could be used once, or on a limited or customized basis, after which the credit card could be ripped up and discarded. The cards could further have printing or indicia on them to remind the user that they are for one time only or customized use.

In a further variation on this approach, the paper cards and/or the provided numbers must be used in a specific required order, for additional security. These paper credit cards or provided numbers could be unusable until activated by the user, as is the practice with new credit cards that are sent out by mail.

In another embodiment, instead of ripping the credit cards up, the cards could have a portion which the user writes on to record the type of transaction, and the amount of the transaction. Alternatively, the card could have a portion which the user signs upon receipt and a portion which is later countersigned at the vendor, to provide additional security.

These credit cards could even have a portion which the user signs and provides to a vendor in a store. No vendor would ever, under one embodiment of the system, receive or have access to the user's permanent credit card number. Rather, the vendor (for example, a restaurant in which the user has just eaten) would receive a disposable credit card from the user's supply. The vendor could read the number off the disposable or customized card, could scan the number with a bar code scanner, could read a magnetic strip on the disposable card, or so forth. Upon being used once, the credit card can be marked, if desired, to show both that it has been processed to charge money to the person's account, and to show that it is no longer usable. This disposable card could be returned to the cardholder, saved as a receipt by either of the cardholder or the vendor, be returned to the credit card company, destroyed, or so forth. As noted above, signature could be provided once, or two signature lines could be provided, for the user to sign and countersign.

As yet another example, a user could be provided with a "calculator" of sorts, of credit card like thickness, which stores a predetermined number of disposable numbers therein. After using a number once, the user has to go back to the calculator to get the next number for the next transaction. This calculator could also be provided with a PIN number to prevent a party from accessing the numbers should the user's wallet be stolen or lost.

Alternatively, a card with multiple numbers stored thereon (which become activated in a predetermined sequence) can be provided, so that the actual credit card needs to be available (not just the credit card number) to determine the next available number in the sequence. In this way no single number alone is capable of compromising the user's account for more than one transaction, or of compromising the main number in the user's account. This card could have an LED or some other visually readable means to display the next available card number (either automatically or upon activation of a PIN, if desired). As mentioned above, part of the number could be the fixed, base portion (which is a number or portion common to all of the numbers)

and part of the number could be the variable portion (a number or portion which varies). Alphanumeric sequences or any other symbol or series of symbols can be employed for either or both of these portions.

In addition, since they are for use either on a one shot only or on a customized basis, the credit card or number could also be associated with a certain sublimit of the individual's or a corporation's credit limit. Thus, for example, a user with a $500 limit, for example, could call into the credit card company and obtain a disposable or a customized card which itself only has a $50 charge limit (for example, when the individual only intends to charge up to $50 in the next transaction, or to allow someone else to charge up to $50). This further limits the potential losses from a credit card fraud.

The present invention could also be used to provide a disposable card for a single transaction to users in general (or a customized card for a limited use), including users who do not have a permanent credit card. It could also be provided to users on a debit basis, based in whole or in part upon some reserve or funds provided to the issuing company in advance. Alternatively, the user could even identify the general or specific type and amount of transaction in advance, if desired.

The present invention, and the disposable embodiments in particular, is of additional value for use over the Internet. For example, the following system could be employed. Before a user makes a potential purchase over the Internet, he or she accesses one of his or her disposable credit cards or credit card numbers. As noted above, this could be accomplished by dialing into the credit card company, by removing one of a series of disposable cards from the user's monthly statement, or so forth. To effect the transaction over the Internet, the user transmits his or her credit card information to the vendor. That vendor then verifies the transaction and obtains an authorization code from the credit card company authorizing the purchase, as is currently standard practice with credit card transactions. To insure the integrity of the system, the vendor is required to verify the code immediately upon receipt. This prevents undue time from elapsing, which is undesirable from a security standpoint. Upon receiving the request for verification, the credit card company notes the identity of the vendor, authorizes the transaction (if the credit card number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor. At the same time, the credit card company also deactivates the credit card number from any further future use. Thus, if a thief intercepts the credit card information en route, when the thief later attempts to take that information and to use it in an illegal transaction, the transaction will be declined since the number has already been deactivated. After the number has legitimately been used once by the lawful owner, it no longer has any continuing validity.

If desired, to remind the user the vendor can transmit a message indicating both that the credit card number has been accepted, and that it is no longer of validity, and can therefore be ripped up. However, if used, this method runs the risk of also alerting a thief who is monitoring the Internet traffic.

The credit card company can also monitor all second requests for use of that credit card number which are transmitted to the system. This monitoring can be used to attempt to catch the thief during his future attempt to illegally use the card

As additional security, each of the disposable credit cards can be given an expiration date, e.g. the end of the month or the end of the billing cycle. Thus, if the credit card is not used within the time limit, it expires. (This expiration date could be printed on disposable paper credit cards). This approach has been used in a different application by credit card companies with respect to checks that are sent with the statement to the user with a given expiration date. As far as the present inventor is aware, that system has been used by credit card companies with satisfactory results in the past.

The card company can also monitor the time of second requests. If the time of second request is extremely close to that of the first request, then the company can block both transactions on the grounds that a thief may be in the process of attempting to quickly intercept and use a credit card number en route before the user.

To further add to the security of the system, a function can be built into Internet software, such as the popular Internet browsers, in which a server assigns a universal time and date stamp (based for example on Greenwich Mean Time) to each credit card transmission transmitted by a user over the Internet. Thus the authorized user's transaction will be assigned a time and date, such that the credit card company can determine, when the same disposable number is sent twice within a short time frame, which transaction corresponds to the one in which the number was sent first. A function could also be provided in which the Internet address of the sender or some other password is encrypted and transmitted as well.

For example, a password which modifies over time and which is coded to the time/date stamp can also be integrated into the browser. The password is individual to each user, with the data summarizing the algorithm used to encode the password being provided to the user and to the individual's credit card company ahead of time (as part of the security information associated with the account). When the transaction is effected, the browser sends information to the internet provider's server, which sends back the universal time/date stamp. The browser then encodes the password and sends it back to the server with the credit card information to be transmitted to the vendor.

The present invention is not limited to use over open systems. Rather, it is intended that it can also be used over secure systems to provide an additional added level of security. Similarly, the invention can be used for those individuals who own credit cards and wish to purchase items over the telephone, but who are reluctant to give out or release their credit card information over the phone.

Likewise, although a variety of security procedures and methods are disclosed herein, any of the security procedures, protocols, encryption techniques, and so forth, used in the art, can be used in connection with the present disposable and/or customized credit cards.

If the disposable credit cards are stolen or lost, the credit card company can, of course, minimize loss by simply deactivating them upon learning of the theft or loss from the user. In addition, the placement of sublimits on each of the cards, or on the group of cards as a whole, further minimizes potential loss.

Although a disposable credit card number system is preferred, as described above, alternatively, a special, separate (disposable or customized) credit card number could even be assigned specifically for use over the Internet, whose use is subject to higher security measures, whether usable one or more than once. For example, after use, the user would have to call into the credit card company to verify the transaction, or the credit card company would call the user at a predetermined number (e.g. the user's home number) to verify that the user made the transaction. This alternative system could be used for example, exclusively with Internet transactions on secure connections, to provide an additional level of comfort to those users who are uncomfortable with transmission of card information even over secure connections. In the event of problems, this separate Internet credit card number could be deactivated separately from the main credit card number associated with the account.

In accordance with further embodiments of the invention, customized credit cards are also provided herein. These credit cards can be customized by the user such that they are only suitable or usable for particular subuses, for particular subframes of time, or so forth. This differs from the present practice in the art, which is to have credit card numbers which are valid for all uses, and for all periods of time until the card expires.

In the current practice in the art, for example, employees frequently make payments which are later reimbursed by their corporation. In accordance with the present invention, their corporation can issue customized credit cards, or obtain customized credit cards from a credit card company, which can serve certain limited uses, functions or so forth. This card can be customized in any of numerous ways. For example, the customized card could be set to be valid for a certain limited number of dates or until a certain date. For example, if an employee is going on a business trip for two days (or some other amount of time), the card could be set to be valid on only those two days. Thus, the employee is authorized to use the card for charges on only that time that the employee is away on the business trip, but not for any other time. Thus, in accordance with these embodiments, the card can have a user customized range of dates or series of dates. In one embodiment this is a range of dates with a commencement date and expiration date. (This is useful, for example, if an employee is going on a business trip, one or more cards could be issued which are valid for the dates of the trip, with the card not being valid before the trip starts or after the trip ends). In another embodiment the card becomes valid at any specific time (even a time of day) and ceases to be valid at any other specific time. Likewise, the card could become valid for a series of ranges of dates, even dates which are non consecutive or non contiguous. For example, it could be valid for a specific day or series of date in March (for a first business trip), become deactivated once that trip is over, can be reactivated for a specific day or dates in June (for a second business trip), be deactivated once that trip is over, and so forth. It could also be valid for a specific predetermined amount of time. For example, it could be valid for any one week period, beginning from when the user or subuser uses first uses it.

The card can also be customized for only particular uses or groups of uses. In this manner, the main cardholder (e.g. a corporation, a parent, etc.) can determine in advance what the card can or should be used for. For example, the card could be customized so that it is only good for airline reservations, such that if the employee tries to use it for any other type of charge, the charge will be declined, regardless of the amount of the transaction involved. Or the card could be customized so that it can only be used for airline and hotel charges. The types of uses which can be provided include any type of use that is currently charged or could in the future be charged on a credit card, or any combination of the same. Currently, charges which are placed on cards, include airline, hotel and car rental charges, restaurant bills, retail store purchases, and so forth.

The card can also be customized for use only by a specific individual, by certain groups of individuals, or so forth. A parent could provide a customized use card which is for use by his or her son or daughter, a corporation could provide a customized use card which is for use by employees, an organization could provide a customized use card for use by employees and/or members and so forth. Different cards or customization parameters could be provided for officers, board members, executives, or so forth.

As one example, an employee could be given authorization to purchase a new computer system. A customized credit card could be issued to the user which is only valid for use for that particular type of charge (computer hardware and software stores) and to the credit limit decided by the issuer or authorizing party at the corporation, such that if the employee tries to use it for anything else or for a charge in excess of that authorized, the charge will be declined. The card could even customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants). Any of the features in the present application can also be combined —thus, the employee could be given a card for use in any computer store which is good for a total purchase of up to, for example, $2000 in value.

As another example, a parent could give a teenage child a card to go out and make a specific purchase for the child or for the parent. The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in a certain store, or group of stores or types of stores (e.g. clothing stores), or types of purchases or items. The main account could have, for example, a $1500 credit card limit, but the parent could set a $100 limit for use of the customized card on that particular day. Thus, if the card is lost or stolen, the card can not be used at stores other than the types chosen by the parent. Use in any other type of store or on any day other than that one day will cause the card to be declined. This minimizes the amount of credit card loss which can occur, and increases the chances of catching the thief. Likewise, the sublimit of $100 also minimizes the amount of loss which is possible.

The card could also be customized to be valid only in a particular region. For example, if the employee is going on a business trip from New York to Florida and back, the card could be set to be valid only in the States of New York and Florida, and not to be valid for charges in any other locations. If the card were lost or stolen en route, e.g. in a stopover in Georgia, and the thief attempted to use the card in Georgia, the charge would be declined, irrespective of the amount involved.

The amount of credit on the card could be as high as the credit on the main account, or alternatively, could also be customized. The main cardholder (e.g. the corporation, the parent, etc.) can set how much credit is on the particular card for the subuser (e.g. the employee). This can be done in some fixed manner, on the basis of some formula, or so forth.

Self transfer of funds and customization by the corporation or the user of the card is preferred. In other words, the corporation determines what uses and/or amounts are set on the credit card up to the corporation's total credit card limit.

In one embodiment, with respect to customization, the user receives one or more credit cards, each of which is inactive. Each card has a blank amount of credit, and no predefined use, i.e. the card initially has no credit available on it at all and no use available to it. When the user receives the credit card, or when the user is ready to activate the card, the user determines how much of his or her available credit he or she wants to transfer onto that particular card and what particular uses or types of uses are desired (or even all uses, if desired). For example, the user may decide that he or she wants to go to a particular place or store that day and have a certain amount of money with himself or herself (or wants to send his or her employee with a certain amount). In addition to or in place of carrying cash, the user could carry a card having a predetermined amount on it, and could even, if desired, set the places or types of places where the card will be active.

In another embodiment, a user can designate a single sum for use over a plurality of cards. This method overcomes a variety of problems present with the current methods of the art. For example, if a individual or couple wishes to go on vacation abroad, they often purchase traveller's cheques in any of a predetermined limited number of denominations (e.g. twenty, fifty, one hundred dollars, etc.) When using those cheques to convert money the couple often may not wish to convert the full sum (e.g. the full fifty dollars) at that one time, in that one place, or at that day's exchange rate, etc. Alternatively, the couple may be purchasing an item from a store, and the full cost of the transaction is often some odd number which is less than the denomination on the card. In this case, the individual or may not want to receive change back from the vendor in cash, since the vendor may be providing a disadvantageous exchange rate, or so forth.

Accordingly, in this embodiment, a single sum can be "distributed" over a plurality of cards. In this manner, the user designates a particular sum, and each of the cards in that plurality can draw upon that sum. The use of that card reduces the total sum available for the next cards in the series. In this manner, a user can use the customized or the disposable card for transactions whose sums do not amount to a whole number.

As a security feature, in plurality of card embodiments such as the former, it can be preestablished that not more of a certain percentage of the total sum available can be used on a single card, or can be used without verification of identity. For example, a 50% or 20% single use ceiling (or any other number) can be set by the credit card company or the user, to further guard against loss due to fraud. In this embodiment, if a transaction is attempted with any one card which is in excess of the predetermined ceiling for a single card, the card use can be temporarily blocked or subject to verification of identity, to verify that the card was not stolen and being used illegally for large transactions.

As a further security feature and customization parameter, the card can be set to have a desired level of security which must be comported with by the vendor for the transaction to be authorized. For example, some cards or transactions could require merely a signature, some could require the fingerprinting mentioned herein, some could require a showing of identification (including, if desired, picture ID) or so forth.

As discussed elsewhere herein, all cards in the series can be linked such that, if the cards are stolen, one call will cancel all of the cards.

As another formula, there can be also be a total available credit set by the corporation as customized for the year (or for some period of time, or for a particular trip, etc.) for a person, or for an entire department, or so forth, which can either be on one card, or distributed over several cards, as explained above.

Other combinations can be provided as well. For example, the card can be set such that there are certain combinations of customizations available. For example, each subuse can be associated with a specific credit limit for that subuse on that one credit card. Thus, the user may be told that he or she can spend up to $500 on air travel, $1000 on hotel rooms, $300 on car rentals, and those limits can be programmed into or preset to the card. Other combinations of dates of transactions, types of transactions, amounts for individual and/or total transactions, etc. on a single card, or on multiple cards, can be set as well.

If desired, the customized card could be preset or such that any purchases can only be delivered to a specific shipping address (e.g. the address of the corporation). Likewise, since the card is a customized card, any other special conditions of any sort could be attached to the transaction as desired or needed.

Many other embodiments can be implemented as well. A card can be issued to an individual, or to a department. Or, a group of cards can share a single credit limit. A card can be customized such that, when items are purchased by phone or over the Internet, etc., the only shipping address which will be accepted is a preset shipping address already assigned to the card (e.g. by the main cardholder). A card can be set to have a fixed maximum per transaction limit. It can be set to allow, or disallow cash withdrawals. A card can be set to send out a notification to the main cardholder upon each purchase, or upon each purchase meeting certain criteria (e.g. over a certain limit, pertaining to a certain category, or so forth). The notification could be set to include certain required information, e.g. when it was used and/or where it was used and/or how much credit is left or any other informationi desired. Likewise, a preapproval can be required before every purchase or before certain purchases, such as purchases over a certain limit, or purchases of a certain type.

Likewise, a card can be encoded for multiple uses or types of use. In one such embodiment, the card can be encoded such that it can be used for other magnetic card systems as well. For example, the customized card could be encoded

such that it can also be used in place of some other existing card, e.g. as a metrocard (i.e. a fare card on the New York City subway system), as an EZ Pass (i.e. a card which is used to drive through tolls in New York or elsewhere), or so forth. These multiple use cards could either have a preset amount on them (as a debit card of sorts), or they could interface with the other existing card system (whether the Metrocard system, the EZ Pass system, or so forth) such that upon use of the customized card, the funds are taken out of the user's credit card account.

Or, in another variation on this embodiment, multiple brands of cards can be bundled together on a single customized card for ease of use of the user. The term "brand" is used herein to refer to the general card issuing authorities, whether Visa, Mastercard, American Express, Discover, etc. or to more specific issuing authorities, e.g. Citibank Visa, MBNA Mastercard, etc. In this embodiment, Visa and/or Mastercard and/or American Express etc. card accounts can be bundled together on a single credit card. When the user presents this single card to the vendor he or she has the option to decide which of those brands' account(s) on the card he or she wants to use for the transaction. This reduces the number of cards the individual has to carry. A single transaction could even be broken up among a series of cards if desired with the transaction statement indicating for example that $200 out of the $600 dollar purchase was charged to the Visa account, and an equal amount to the Mastercard and Amex accounts. Or, the main account holder could set up the card to be capable of some fixed total amount of charges (e.g. $1000) with the user free to use any of the accounts on the card in any combination desired to charge up to that amount. This is useful if some establishments accept only one or two of these brands, allowing the user (e.g. the employee, the child, etc.) to use the customized card as establishments that accept any of the brands on the card. Or, for purposes which may be beneficial to the main account holder (e.g. for purposes of frequent flyer mile programs, membership dollar programs, etc.) the customized card could be set up such that all of one or more subtypes of use is charged onto one brand, all of another or more subtype onto a second brand etc. For example, the card could be set such that all airline charges are charged onto the Amex Card, all retail store purchases to the Visa, all hotel reservations to the Mastercard, etc. This could be by the customization of the card which only allow certain types of use of each account, and/or by codes which automatically select the appropriate brand or card account when the user attempts to use the card. This could be in any customization scheme desired. For example, in another embodiment, the first $x amount could be charged to one card account, the next $y dollar amount to another card account, or so forth.

In accordance with a preferred embodiment of present invention, a card could be issued to be always "off", unless the main card or account holder, or the authorized person on the card (i.e. the person given the authority to control the uses of the accounts on the card), authorizes or sets or turns the card and/or a specific use of the card "on" for either a particular time period, or for use until certain conditions are met. For example, the card could be issued to an employee or to a child, and normally be in an "off" state (as opposed to general purpose or regular credit cards which are normally in an "on" state) which can not be used, until the main cardholder authorizes that the card be turned on for the next day (and the next day only). Or, the card could be turned on until one transaction is conducted using the card (or some specified multiple number of transactions are conducted using the card), or a specific use is effected of the card, or turned on in accordance with any of the other customizations of the card described herein. In accordance with this embodiment, the card normally remains "off", but is occasionally or periodically turned "on" for a while to allow the card to be used for a desired purpose. After that purpose has been accomplished, the card goes back "off" again. In this manner, the card can be turned on and off by the user as often as desired or necessary.

In another embodiment of the present invention, the user can maintain a list of available credit card numbers in his or her computer and/or software program, with the list further indicating the specific customized use of each number. Alternatively, the user can maintain a list by hand, or a list can be provided each month with the user's statement. If desired, the uses of each number can vary over time. If an unauthorized user intercepts the first credit card number and attempts to use it for a use that it is not enabled for, the transaction will be declined. For example, a user could maintain 5 separate numbers (or any other desired number), each of which is linked to the main card account. Today, one particular number could be authorized for booking airline tickets for the current business day (but no later), while tomorrow a different number could be authorized for that purpose.

Customization (and activation) of the card or a specific credit card number can be in any of the ways known in the art. In a simple method, for example, the user can call the credit card company and, once his or her identity has been verified, can direct the credit card company to customize the card (or a specific credit card or credit card number on the account) in the manner desired and/or to activate that specific credit card or credit card number. In a variation on this method, the user could be required to call from his or her home phone, with the phone number being verified at the credit card company using "Caller ID".

In another embodiment, the user can use a computer to dial in over a direct connection (or over the world wide web or the Internet on a secure connection) to the credit card company, and program in the desired characteristics using the user's computer. In this embodiment, a software program can be provided to customize and/or activate the card and/or the user can access a web site (i.e. at the credit card company) where a form can be filled out by the main cardholder (or by the authorized person on the card or an authorized card user) to set the desired customization parameters. This form could then be accessed as often as desired to update and/or modify the customization of the card or specific credit card numbers, check the status or usage of the card or specific numbers, etc. In addition, as a further embodiment, authorizations done using this program or connection could be compared (either automatically or upon demand by the user) against actual purchases recorded by the credit card company against the card. In this manner a "cross check" is provided, so that if a limited use, customized or disposable card transaction comes into the credit card

company which was not authorized by the cardholder, it will show up on the cross check. In a further embodiment, this cross check could be effected automatically (e.g. each time the user logs, in), periodically (e.g. once per day or per some set time period), upon the user's activation of this feature, or upon the user's deliberate initiation of a cross check.

In some embodiments, the main cardholder orders or obtains the card from the credit card company. In other embodiments, the main cardholder issues or activates the credit cards off of his or her main account him or herself, after transmitting the necessary customization information to the card company, and obtaining the necessary authorization.

If desired, a customized credit card could be converted to a regular, general purpose credit card, or vice versa, if desired. This can be used to deal with changing circumstances, needs or desires of the main cardholder, the card user, the corporation, etc. By a "regular" or "general purpose" credit card, the present inventor refers to those credit cards currently used in the art, which have no limitations on their use other that the card be valid (e.g. be before the expiration date and be of an account in good standing), that the person using the card be the authorized user, and that the transaction be within the available credit left on the card. Subject to those provisions, such cards can be used at any time for any types of purchases at any vendor accepting that type of card.

Should a card or any of the plurality of cards be stolen, a user can with one call deactivate one or all of the cards at the same time. Moreover, since these cards are preferably all linked to the user's main credit card account, and are thus individually on file with the credit card company under that account, the user does not need to worry about safekeeping or storing the list of separate cards or numbers.

As a further security feature, a disposable or customized credit card can be provided with a "fingerprinting area". During use of the card, the user can be asked to place a particular finger on a certain portion of the card to form a fingerprint which can later be used to verify whether the card was used by the rightful owner or used illegally by someone without authorization. Preferably, this area is covered by a flap (e.g. a plastic cover) which is lifted or removed before fingerprinting, to prevent stray marks or fingerprints from appearing on the area before it is ready for use.

With respect to those which are for a single use only, the user can sign (and/or fingerprint) the back of the card, and the vendor could submit or return the cards to the credit card company if desired. Alternatively, the vendor could be required to scan the cards into an appropriate system, with a record of the scan going to the credit card company.

Alternatively, in a further invention, instead of using a "fingerprinting area" on a disposable or customized card, such an area can be placed on the vendor's bill or documentation which currently in the art is signed by the purchaser.

In accordance with another embodiment of the invention, the cards could each have their own PIN number, or PIN numbers.

Upon use of the card, the information regarding the transaction is transmitted to the credit card company, as is known in the art. In a further embodiment of the invention, the information on each purchase from a vendor is transmitted directly to the user after the transaction is completed so that the user can directly monitor and keep records of his or her usage, without waiting for the credit card statement to come in. This information can be sent to the user in any manner desirable. For example, it can be transmitted over the Internet to the user, to the user's web page, or so forth. Instead of the user, it can be transmitted to a third party, if desired; for example, if the card is being used as an expense card for an employee's expense account at a corporation (as described herein), the information can be transmitted directly to the corporation. This transmission can be done by the credit card company itself. Alternatively, if desired, the system can be set up such that the information is transmitted at the point of sale. This can be done with or without the credit card embodiments described above as a permanent or automatic recordkeeping system.

In the preferred embodiment, these credit cards are can be used, processed, etc. by a credit card company in the same manner as with its regular credit cards, with the exception that the present cards provide the additional features provided herein.

One of the current problems with a regular card, whether it be a credit card, a debit card, or so forth, is that a thief potentially has full access to all of the credit or funds in your account, until the theft or unusual activity is discovered and/or blocked. In the present invention, as described above, a certain set level of funds or type of use of funds can be segregated aside by the user for a desired period, use, or so forth, while maintaining the integrity of the main account intact (and even potentially maintaining the identity or details of the main account secret).

Although the term credit card is used throughout the present application, the intention is to include credit cards, charge cards, and debit cards by that term, unless otherwise stated. In addition, the present inventions can be used with other cards used for purchases or transfers of funds, as well.

Having described the invention with respect to specific embodiments, it is not intended that the description serve as a limitation on the scope of the invention since other variations on the invention are possible, and may be apparent or derived herefrom.

What is claimed is:

1. An item, comprising:

a financial card, said financial card having been provided by a credit card company at the request of a first person, said financial card being provided for use by any person determined by such first person; and,

wherein said financial card is further customized such that it is limited to use for only a particular type of transaction, said type of transaction being purchases at predetermined vendors of a predetermined identity, such that said customized card will be valid at those predetermined vendors, and will not be valid at the other vendors accepting cards from that credit card company.

2. A method as claimed in claim **1**, wherein said credit card is an American Express® brand credit card.

3. A method as claimed in claim **1**, wherein said credit card is a Visa® brand credit card.

4. A method as claimed in claim **1**, wherein said credit card is a Mastercard® brand credit card.

5. An item as claimed in claim 1, wherein said credit card is a card comprising a magnetic strip.

6. An item as claimed in claim 1, wherein said credit card is not a smart card.

7. An item comprising:

a website on the world wide web, said website being the website of a credit card company where requests can be made for a financial card, wherein said financial card is a card requested by a first person and which is provided by the credit card company for use by any person of the first person's choice; and,

wherein said credit card is further customized such that it is limited to use for only a particular type of transaction, said type of transaction being purchases at predetermined vendors of a predetermined identity, such that said customized card will be valid at those predetermined vendors, and will not be valid at the other vendors accepting cards from that credit card company.

8. An item as claimed in claim 7, wherein said website comprises a form to be filled out by the first person to request said activation of said credit card.

9. An item as claimed in claim 7, wherein said credit card is a card comprising a magnetic strip.

10. An item as claimed in claim 7, wherein said credit card is not a smart card.

11. A method comprising:

requesting a financial card from a credit card company via a website on the world wide web, said requesting of said credit card being by a first person, said financial card being provided by the credit card company for use by any person of the first person's choice; and,

wherein said request is for said financial card to be customized to be limited to use for a particular type of transaction, said type of transaction being purchases at predetermined vendors of a predetermined identity, such that said card will be valid at those predetermined vendors and will not be valid at the other vendors accepting cards from that credit card company.

12. An item as claimed in claim 11, wherein said credit card is a card comprising a magnetic strip.

13. An item as claimed in claim 11, wherein said credit card is not a smart card.

14. A method, comprising:

providing a financial card, said financial card being activated by a credit card company, said card being a card requested from the credit card company by a first person, said financial card being provided by the credit card company for use by any second person of the first person's choice, said card being a card provided in response to a request from the first person via a website over the world wide web for said card; and,

providing said card as a customized card which can only be used for a particular type of transaction, said type of transaction being purchases at predetermined vendors of a predetermined identity, such that said card will be valid at those predetermined vendors, and will not be valid at the other vendors accepting cards from that credit card company.

15. A method as claimed in claim 14, wherein said credit card is an American Express® brand credit card.

16. A method as claimed in claim 14, wherein said credit card is a Visa® brand credit card.

17. A method as claimed in claim 14, wherein said credit card is a Mastercard® brand credit card.

18. An item as claimed in claim 14, wherein said credit card is a card comprising a magnetic strip.

19. An item as claimed in claim 14, wherein said credit card is not a smart card.

20. An item as claimed in claim 1, wherein those predetermined vendors are limited to restaurants.

21. An item as claimed in claim 1, wherein the spending limit on said card is set by the first person.

22. An item as claimed in claim 1, wherein said card is provided to the second person based on funds provided to the credit card company in advance.

23. An item as claimed in claim 7, wherein said card is customized such that it is limited for use only at restaurants.

24. A method as claimed in claim 11, wherein said card is customized such that it is limited for use only at restaurants.

25. A method as claimed in claim 14, wherein said card is customized such that it is limited for use only at restaurants.

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
PATENT TRIAL & APPEAL BOARD

In re Patent of:	John D'Agostino
U.S. Patent No.:	8,036,988
Issue Date:	October 11, 2011
Application No.:	12/902,399
Filing Date:	October 23, 2010
Title:	System and Method for Performing Secure Credit Card Transactions

DECLARATION OF DR. JACK D. GRIMES, Ph.D.

- Exhibit 1019 – U.S. Provisional App. No. 60/092,500 for Flitcroft

III. BACKGROUND AND QUALIFICATIONS

(4) I earned B.S. and M.S. degrees in Electrical Engineering, and a Ph.D. degree in Electrical Engineering (with a minor in Computer Science), all from Iowa State University. I also earned an M.S. degree in Experimental Psychology from the University of Oregon. I have been active in several professional societies and have worked in the computer and electronics field for over forty (40) years including teaching at two universities. Details of my education and work experience are set forth in my curriculum vitae, which is attached as Appendix A.

(5) From 1996 until 1999, I worked at Visa International ("Visa") and was Senior Vice President for Technology, Architecture & Strategy. My responsibilities included developing the strategies for Visa in chip card technology, management of large-scale software projects, and the evaluation of investments in technology companies. My duties included management of two technology and strategy groups containing over 30 people. One group provided chip card and related technology development for new products and services, including SET (Secure Electronic Transactions over the Internet). The other group was responsible for the global network and processing architecture strategy to replace the then current VisaNet services, providing credit card authorization and settlement. I also served as an internal consultant on Internet payment systems.

MasterCard, Exh. 1008, p. 5

Appx3724 Patent Owner, Ex. 2011, p.443

forth in the accompanying Petition showing that each element of claims 1-10, 15-25, 27-33, & 35-38 is invalid as anticipated by Cohen. I support and agree with the claim charts set forth in the Petition.

(37) I have read and I understand Cohen. Cohen teaches a secure method for engaging in credit card transactions, which limits the transactions to selected vendors. (Cohen at C2:32-43). Cohen discloses a credit card holder contacting their credit card company, verifying their identity, and then receiving a transaction code number to be used for a limited number of transactions. (Cohen at C3:41-48). The credit card holder can determine and customize the use of the transaction code number. (Cohen at C3:49-52). After the credit card holder has received the transaction code number, they can use the number with a merchant as a substitute for a regular credit card number, and the merchant can validate the transaction code number with the credit card company. (Cohen at C5:35-39). The credit card company can validate the transaction code number, or deny the transaction if the number is used for anything other than the pre-determined use indicated by the credit card holder. (Cohen at C5:44-49).

(38) Cohen discloses a "*payment category... limiting...[a number of] transactions to one or more merchants*." Cohen discloses a transaction code number that is limited in use to transactions with one or more merchants: "A customized credit card could be issued to the user which is only valid for use for

MasterCard, Exh. 1008, p. 20

Appx3739 Patent Owner, Ex. 2011, p.444

that particular type of charge (computer hardware or software stores)…The card could even [be] customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants)." (Cohen at C8:25-35). "The card could be valid only for purchase…in a certain store, or group of stores or types of stores (e.g. clothing stores)" (Cohen at C8:43-46). A limitation of the transaction code to a particular "group", "type", or "chain" of stores is by definition a limitation to one or more merchants.

(39) Cohen discloses: "*said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants*". Cohen discloses that the transaction code could be limited to a particular "group", "type", or "chain" of stores: "The card could even [be] customized for use in…a particular chain of stores (such as…a particular chain of restaurants)." (Cohen at C8:25-35). "The card could be valid only for purchase [to a] group of stores or types of stores (e.g. clothing stores)" (Cohen at C8:43-46). The transaction code is therefore limited to a category of merchants. This categorical limitation to the merchant occurs before the transaction code is used – and in effect, before any particular merchant is identified. Therefore, the transaction code as disclosed by Cohen is inherently limited to one or more merchants by their "group", "type", or "chain" before any particular merchant is identified.

MasterCard, Exh. 1008, p. 21

Appx3740 Patent Owner, Ex. 2011, p.445

(40) Cohen discloses "*a payment category that at least limits transactions to a single merchant*." Cohen discloses a transaction code number that is limited in use to a one-time transaction with one merchant: "The card could even [be] customized for use in a particular store itself..." (Cohen at C8:25-34). "[I]n one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis, after which they are disposed of, or thrown away. The numbers can be used…to effect a single transaction." (Cohen at C2:35-43). A credit card number that is customized for a one-time use, to execute a single transaction, is by definition limited to purchases with a single merchant. Accordingly, the system disclosed in Cohen inherently includes the step to limit the transaction code to one merchant.

(41) Cohen discloses: "*said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant*". Cohen discloses that the transaction code could be limited to a single transaction: "in one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis" and subsequently "[a]fter a one time use of the credit card number, the number is deactivated." (Cohen at C2:35-43; C8:25-46; C12:3-4). A one-time use transaction code can only be used at one merchant, therefore the transaction code is inherently limited to a one merchant. This limitation to a single merchant occurs before the transaction code is used for

MasterCard, Exh. 1008, p. 22

Appx3741 Patent Owner, Ex. 2011, p.446

at 11:9-11). *The '884 Provisional discloses "…the credit card can be marked, if desired, to show both that it has been processed to charge money to the person's account..."; "[U]pon use of the customized card, the funds are taken out of the user's credit card account." '884 Provisional at 7, 19.*
20. The method of claim 19 wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as one of said one or more merchants.
Cohen discloses this limitation (see claim 18 above). *The '884 Provisional discloses this limitation (see claim 18 above).*
21. A method for implementing a system for performing secure credit card purchases, the method comprising:
Cohen discloses "provid[ing] improved credit cards and methods for credit card transactions ... provid[ing] methods and apparatus for secure transmission of credit card information." (Cohen at 1:48-62) (emphasis added). *The '884 Provisional discloses "provid[ing] improved credit cards and methods for credit card transactions ... provid[ing] methods and apparatus for secure transmission of credit card information." '884 Provisional at 2.*
a) receiving account information from an account holder identifying an account that is used to make credit card purchases;
Cohen discloses a credit card company receives account information from the user: "[A] user dials into her credit card company before making a transaction, and after providing the ordinary credit card number and verification data..." (Cohen at 3:42-45). *The '884 Provisional discloses "a user dials into her credit card company...and after providing the ordinary credit card number and verification data..." '884 Provisional at 6.*
b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant,
Cohen discloses a credit card company receives a request for a transaction code: "[A] user dials into her credit card company before making a transaction, and…is provided with a disposable or customized number" (Cohen at 3:41-45). Cohen discloses a payment category limiting transactions to a single merchant (e.g., transactions at a single merchant up to a total purchase limit, or within a certain time period): "The card could even [be] customized for use in a particular store itself... Any of the features in the present application can also be combined — thus, the employee could be given a card for use in any computer store which is good for a total purchase of up to, for example, $2000 in value." (Cohen at 8:25-

MasterCard, Exh. 1008, p. 57

Appx3776 Patent Owner, Ex. 2011, p.447

39). "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in a certain store..." (Cohen at 8:43-45). "[I]n one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis, after which they are disposed of, or thrown away. The numbers can be used…to effect a single transaction." (Cohen at 2:35-43) (emphasis added). *The '884 Provisional discloses "[A] user dials into her credit card company before making a transaction, and…is provided with a disposable or customized number"; "The card could even [be] customized for use in a particular store itself... Any of the features in the present application can also be combined —thus, the employee could be given a card for use in any computer store which is good for a total purchase of up to, for example, $2000 in value."; "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in a certain store..."; "[I]n one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis, after which they are disposed of, or thrown away. The numbers can be used…to effect a single transaction." '884 Provisional at 6, 14-15, and 3-4.*
said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;
Cohen discloses that the transaction code is limited to a single transaction with one merchant: "in one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis" and then "[a]fter a one time use of the credit card number, the number is deactivated." (Cohen at 2:35-43). The merchant for the one-time use credit card is not identified until the credit card is used for the single transaction. Therefore, the credit card is limited to a single transaction with one merchant before the merchant is identified at the time the credit card is used. *The '884 Provisional discloses "in one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis" and then "[a]fter a one time use of the credit card number, the number is deactivated." '884 Provisional at 3-4.*
c) generating a transaction code utilizing a processing computer of a custodial authorizing entity, said transaction code associated with said account and reflecting at least the limits of said payment category, to make a purchase within said payment category;
Cohen discloses that the credit card company generates transaction codes: "These credit cards or credit card numbers are generated..." (Cohen at 2:35-36). "[A] software program can be provided to customize and/or activate the card." (Cohen

in each of these limitations, means "'prior to the identification of a particular merchant for the particular transaction(s) or purchase(s) in said payment category.'" Pet. 14. Patent Owner argues that "said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants" and "single merchant limitation being included in said payment category prior to any particular merchant being identified as a single merchant" mean "including a limit in a payment category that limits transactions to one or more merchants before any particular merchant is identified as the one or more merchants." Prelim. Resp. 5–6.

The '988 patent describes that a merchant or merchants can be identified prior to the generation of the transaction code, such that the transaction code is pre–coded with the merchant's or merchants' identification. Ex. 1001, 6:31–37. Subsequently, a customer can disclose the transaction code to a merchant or merchants. *Id*. at 6:63–67. We interpret the merchant to whom the customer discloses the transaction code as the recited "particular merchant." In other words, the merchant with whom the customer is transacting is the particular merchant. We further interpret, under the broadest reasonable interpretation, the "one or more merchants limitation" and the "single merchant limitation" to mean any group, category, or type of merchant, where the "particular merchant" is a subset of the "one or more merchants limitation" or the "single merchant limitation." As such, the limitation "one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants" and "single merchant limitation being included in said payment category prior to any particular merchant being identified as a single merchant" means any group, category, or type of merchant is included in the payment category prior to the customer selecting a particular merchant for a transaction.

These two limitations, however, are distinguished from each other because the "one or more merchants" allows for one or multiple merchants as any group, category, or type of merchant, whereas "single merchant" allows for only one merchant. Prelim. Resp. 5–6.

B. Claims 1–10, 15–25, 27–33, and 35–38 – Anticipation by Cohen

Petitioner contends that claims 1–10, 15–25, 27–33, and 35–38 are unpatentable under 35 U.S.C. § 102(e) as anticipated by Cohen. Pet. 15–31.

1. Cohen (Ex. 1004)

Cohen describes a system of disposable credit card numbers, where the credit card numbers are generated for a one–time, single transaction basis, after which they are disposed of, or thrown away. Ex. 1004, 2:34–37. In general, a user dials into her credit card company and provides the ordinary credit card number and verification data, and may further indicate the transaction for which the customized credit card number will be used. *Id*. at 3:41–53. The user then is provided with a disposable or customized credit card number for a single or limited range use. *Id.*

For example, an employee's credit card may be authorized to purchase a computer system, thereby transforming the credit card to a customized credit card that is valid for only that particular type of purchase. *Id*. at 8:24–35. The card also can be customized for use in a particular store or a particular chain of stores. *Id*.

2. Analysis

The evidence set forth by Petitioner indicates there is a reasonable likelihood that Petitioner would prevail in showing that claims 1–10, 15–25, 27–33, and 35–38 are unpatentable under 35 U.S.C. § 102(e) as anticipated by Cohen. Pet. 15–32. For example, independent claim 1 recites a "method of performing secure credit card purchases." Petitioner argues that Cohen discloses "provid[ing] improved

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASTERCARD INTERNATIONAL INCORPORATED
Petitioner

v.

JOHN D'AGOSTINO
Patent Owner

Case IPR2014-00543
(Patent 8,036,988)

Title: System and Method for Performing Secure Credit Card Transactions

PETITIONER'S MOTION TO STAY
EX PARTE REEXAMINATION PROCEEDING 90/012517

I. Preliminary Statement

Petitioner MasterCard International Incorporated ("MasterCard") hereby moves to stay Ex Parte Reexamination proceeding 90/012517 ("the Reexamination") pending *inter partes* review. MasterCard respectfully submits that extreme circumstances exist, and that such a stay should be granted, because (1) the Central Reexamination Unit ("CRU") did not have before it, or consider, this Board's September 4, 2014, Decision to institute *inter partes* review (Paper 8) ("Decision"); (2) the issuance of a reexamination certificate would be inconsistent with, and appear to undermine, this Board's Decision; (3) the CRU's "Statement of Reasons for Patentability and/or Confirmation" ("Statement") was severely flawed and claims 1-38 of U.S. Patent No. 8,036,988 ("the '988 patent") should not have been confirmed; and (4) the Patent Owner has now twice requested that the Reexamination be stayed, only to change its mind upon receiving the Statement.

II. Argument

A. The CRU Did Not Have The Benefit of This Board's Decision

The CRU examiner appears not to have had the benefit of this Board's thorough Decision. From the record, it also appears that the Patent Owner failed to disclose the Board's Decision to the CRU handling the *ex parte* Reexamination. This is in contrast to the Patent Owner's quick disclosure to the CRU (within three (3) days) of the Board's earlier decision denying MasterCard's petition for Covered Business Method Review. *See* Ex. 1020, Statement Reporting CBM.

Had the CRU considered this Board's Decision, it surely would not have confirmed the claims.

B. The Stay is Necessary to Prevent Inconsistency, Confusion and the Appearance that the PTO and/or this Board has Sanctioned Two Different Diametrically Opposed Decisions

In its Decision (Paper 8), this Board, pursuant to 35 U.S.C. § 314, instituted an *inter partes* review of all the claims of the '988 patent. In so ordering, the Board determined that there is a reasonable likelihood that MasterCard would prevail in showing the unpatentability of all the claims. This Board's Decision was thorough, over twenty (20) pages long, and rendered by a three judge panel.

In stark contrast, the CRU, in its four (4) page Statement, and without the benefit of this Board's Decision, concluded that claims 1-38 should be confirmed. Because this conclusion stands in direct conflict with this Board's Decision, because public policy weighs strongly in favor of promoting consistent analyses and decisions emanating from the PTO, and because adversarial proceedings are more likely to reach the correct result,[1] MasterCard submits that the Reexamination

[1] *See* Gerald J. Mossinghoff & Vivian S. Kuo, P*ost-Grant Review of Patents: Enhancing the Quality of the Fuel of Interest*, 85 J. Pat. & Trademark Off. Soc'y 231, 236 n.18 (2003) (proposing a Post-Grant Review procedure as an alternative to ex parte reexamination, noting "an adversarial environment would ensure a greater degree of success in resolving issues of patent validity").

should be stayed pending final resolution of *inter partes* review. Without a stay, and given Petitioner's inability to appeal the CRU's Statement, the reexamination certificate will no doubt issue, and the PTO and/or Board will have appeared to sanction two different diametrically opposed decisions. A stay would prevent this inconsistent and confusing consequence.

C. The CRU's Statement was Severely Flawed

The CRU was wrong; claims 1-38 should not have been confirmed at least for the reasons stated in this Board's Decision. For instance, the examiner's analysis seems principally directed to the claim element "designating/selecting a payment category" in independent claims 1, 17, 19, 21, and 22. The examiner concluded that "Cohen does not disclose selecting or designating a payment category ... *before* the transaction code is generated for use by the customer." *See* Ex. 1021, Statement at 3. But the examiner cites to disclosures in Cohen in which the user explicitly *does* select a payment category *before* the transaction code is generated. *See id*. ("a user can indicate *in advance of purchase* ... what the single use or the customized credit card number is to be used for") (citing Cohen 3:49-53) (emphasis added). Cohen's disclosure, moreover, is consistent with the specification of the '988 patent, both of which disclose that the user performs this step. See Ex. 1001, '988 Patent at 6:2-10.

As this Board correctly recognized, Cohen in fact does disclose the exact feature that the examiner thought was missing — the user in Cohen "designates" the payment category *before* the transaction code is generated:

> We are not persuaded by [Patent Owner's] argument. Cohen discloses that "a user dials into her credit card company before making a transaction, and . . . is provided with a disposable or customized number." Ex. 1004, 3:42–49. Cohen further discloses that "a user can indicate *in advance of purchase*, on the telephone call with the credit card company, what the single use or the customized credit card number is to be used for." Id. at 3:50–53. Accordingly, on this record, we are persuaded by Petitioner's assertion that Cohen discloses "designating/selecting a payment category that places limitations on a transaction code before the transaction code is generated."

See Decision (Paper 8) at 14 (emphasis added).

In addition, the examiner erroneously concluded that for independent claim 21 "Cohen does not disclose a single merchant being included in a payment category prior to any particular merchant being identified." *See* Ex. 1021, Statement at 4. Again, this conclusion is wrong and inconsistent with this Board's Decision, which found that Cohen anticipates claim 21. *See* Decision (Paper 8) at 12-14.

D. The Patent Owner's Current Position Opposing Stay is Inconsistent With Its Prior Position

On May 23, 2014, the Patent owner requested a conference call with the Board to seek authorization to file a motion to stay. MasterCard did not oppose. On May 30, 2014, the Board ruled that a motion to stay was then premature. *See* Order (Paper 6) at 2. Subsequently, a few days after the Board instituted the instant review, the Patent Owner once again confirmed to Petitioner's counsel its intent to move to stay the Reexamination. *See* Ex. 1022. Again, MasterCard noted that it had no objection. *See* Ex. 1023.

Now, however, in view of the Statement, the Patent Owner has done an about-face, no longer seeking the stay it had repeatedly requested. But the bases for the stay remain the same—to avoid inconsistency, misunderstanding and confusion, and to promote uniformity and efficiency. For instance, the CRU's conclusion should not trump this Board's Decision and the Patent Owner should not be allowed to tout to the public, to this Board, or to any district court a reexamination certificate issued after this Board initiated *inter partes* review; only confusion would result.

III. Conclusion

For at least the foregoing reasons, MasterCard respectfully requests that the Board stay Ex Parte Reexamination proceeding 90/012517.

September 22, 2014

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ATTORNEYS FOR PETITIONER MASTERCARD INTERNATIONAL INCORPORATED

CERTIFICATE OF SERVICE

The undersigned certifies that on the 22nd day of September, 2014, a complete and entire copy of PETITIONER'S MOTION TO STAY EX PARTE REEXAMINATION PROCEEDING 90/012517 and all supporting exhibits were served via Federal Express, postage prepaid, to the Patent Owner's attorneys of record at the following address:

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prior publication with March 24, 2011 as its publication date. MasterCard denies the remaining allegations set forth in paragraph 38 of the Complaint.

39. MasterCard states that the allegations set forth in paragraph 39 of the Complaint call for a legal conclusion and do not require response. Moreover, MasterCard currently lacks information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 42 of the Complaint. To the extent that a response is required, MasterCard therefore denies the allegations set forth in paragraph 39 of the Complaint.

40. Denied.

41. Denied.

42. Denied.

43. Denied.

44. Denied.

45. MasterCard currently lacks information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 45 of the Complaint.

46. MasterCard refers to the file wrappers of United States Patent Nos. 7,136,835; 7,433,845; 7,567,934; 7,571,142; 7,593,896; and 7,895,122 for their contents and denies the remaining allegations of paragraph 46 of the Complaint.

47. MasterCard admits that on or about April 11, 2012, MasterCard (through Charles F. Wieland of Buchanan Ingersoll & Rooney PC) spoke via telephone with an individual purporting to be a representative of D'Agostino, during which conversation MasterCard explained that the D'Agostino patents at issue at the time did not cover MasterCard's activities and that they were nonetheless invalid, and that MasterCard intended to file (and eventually did file) a request to the U.S. Patent and Trademark Office to have the '988 Patent reexamined

(which examination is still pending), but that MasterCard would consider taking, in order to resolve its dispute with D'Agostino amicably, a non-exclusive license for a low 5 digit number. MasterCard currently lacks information or knowledge sufficient to form a belief as to the truth or falsity of the remaining allegations of paragraph 47 of the Complaint, and therefore denies them

48. MasterCard admits that a Request for Ex Parte Reexamination of the '988 Patent was filed on or about September 12, 2012, by Charles F. Wieland III, Esq. MasterCard denies the remaining allegations set forth in paragraph 48 of the Complaint.

49. MasterCard admits that the Request for Ex Parte Reexamination stated at page 11: "The IDS was filed March 21,2011, the day a non-final rejection issued and shortly before a Notice of Allowance issued on April 29, 2011. Mr. D'Agostino did not explain the relevance of any of the documents cited therein, point to any as particularly relevant, did not identify those previously relied upon, nor did he point out that the claims of the '526 patent were cancelled in light of prior art during reexamination over, among other patents, the Cohen patent relied upon herein." MasterCard denies the remaining allegations set forth in paragraph 49 of the Complaint.

50. MasterCard refers to the file wrapper of the '486 Patent for its contents and denies the remaining allegations of paragraph 50 of the Complaint.

51. MasterCard lacks information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 51 of the Complaint, and therefore denies them.

52. MasterCard admits that on or about December 6, 2012, the Patent Office entered an Order Denying Request For Ex Parte Reexamination, which stated at page 2: "No substantial new question of patentability affecting claims 1-38 of US Patent 8,036,988 is raised by the present request for ex parte reexamination and the prior art cited therein for the reasons set forth below." A Petition for Review of the Order Denying Request for Ex Parte Reexamination was

D'Agostino, Ex. 2002, p. 9

Appx5398 Patent Owner, Ex. 2011, p.460

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Paper 14
Entered: October 2, 2014

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASTERCARD INTERNATIONAL INCORPORATED,
Petitioner,

v.

JOHN D'AGOSTINO,
Patent Owner.

Case IPR2014–00543
Patent 8,036,988

Before SALLY C. MEDLEY, KARL D. EASTHOM, and KALYAN K. DESHPANDE, *Administrative Patent Judges*.

DESHPANDE, *Administrative Patent Judge*.

DECISION
Motion to Stay Reexamination Proceeding
35 U.S.C. § 315(d)

Motion to Stay Ex Parte Reexamination Proceeding 90/012,517

The Board held an initial conference call with Petitioner and Patent Owner on September 17, 2014. Petitioner requested authorization to file a motion to stay Ex Parte Reexamination Proceeding 90/012,517 ("the Reexamination"), because a Notice of Intent to Issue a Reexam Certificate ("NIRC") was mailed on September 12, 2014 that allegedly is inconsistent with our Decision to Institute. Paper 10, 1. We authorized Petitioner to file a motion to stay. Petitioner filed a motion to stay the Reexamination ("Mot.") on September 22, 2014. *See* Paper 11. Patent Owner filed an opposition ("Opp."). *See* Paper 13.

Pursuant to 35 U.S.C. § 315(d):

> Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an inter partes review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the inter partes review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.

See also 37 C.F.R. § 42.122(a) ("Board may . . . enter any appropriate order regarding . . . stay, transfer, consolidation, or termination"). The Board ordinarily will not stay a reexamination because, in the absence of good cause, reexaminations are conducted with special dispatch. *See* 35 U.S.C § 305.

Petitioner argues a stay is necessary to "prevent inconsistency, confusion and the appearance that the PTO and/or this board has sanctioned two different diametrically opposed decisions." Mot. 2. Petitioner specifically argues that "because adversarial proceedings are more likely to reach the correct result . . . the Reexamination should be stayed pending final resolution of the *inter partes*

review." *Id.* at 2-3. Patent Owner contends that a stay is against the Board's policy because the results of the Reexamination are known and public. Opp. 2-3.

We agree with Patent Owner. The Reexamination resulted in the issuance of a NIRC and, therefore, the Examiner's decision is known and public. Staying the reexamination proceeding would not undue what already has been done. *See Toshiba Corporation v. Intellectual Ventures II LLC*, Case IPR2014-00317, Paper 10, 3 (PTAB May 6, 2014). Accordingly, we are not persuaded by Petitioner's argument.

Petitioner further argues that the CRU Examiner "appears to not have had the benefit of this Board's thorough Decision." Mot. 1-2. However, our Decision to Institute *inter partes* review was available to the CRU Examiner on the mailing date of September 4, 2014. *See* Paper 8. The NIRC was mailed on September 12, 2014. Paper 10, 2. Therefore, we are not persuaded that the CRU Examiner did not have the benefit of our Decision to Institute *inter partes* review in concluding to issue the NIRC, because our Decision was available for eight days before the CRU Examiner issued the NIRC. In any event, Petitioner has not shown that granting a stay of the reexamination proceeding means necessarily that the CRU Examiner will make changes based on the Decision to Institute. Petitioner additionally contends that the Reexamination should be stayed because (1) the CRU's conclusion is incorrect and (2) Patent Owner's position with regards to the motion to stay has been inconsistent. Mot. 3-5. Petitioner has not shown, however, how these arguments are relevant to our determination of whether to stay the Reexamination. Accordingly, we are not persuaded by Petitioner to stay the

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Reexamination.

Order

It is

ORDERED Petitioner's motion to stay Ex Parte Reexamination Proceeding 90/012,517 is *denied*;

PETITIONER:

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"defining." For example, the '988 patent specification describes "the payment category may include a single transaction defined by a single purchase having a maximum limit amount, wherein the specific or precise cost of the purchase has not been determined for a variety of reasons, and as such, the customer desires to *set a maximum amount* for which the single transaction may be made." Ex. 1001, 7:65-8:3 (emphasis added). The '988 patent further explains "with such a payment category, the exact amount may not be known in advance, but the customer is assured of not paying over *the specifically designated maximum limit*." Ex. 1001, 8:3-6 (emphasis added). And that the "customer…can then [use] the transaction code to consummate a transaction within the defined parameters of the payment category." Ex. 1001, 7:46-49.

In other words, a payment category includes a limitation, such as, for example, a limit on the maximum purchase amount. And defining the payment category, in this example, is the act of setting or specifying the actual value of the maximum purchase amount. Accordingly, the broadest reasonable interpretation of "defining at least one payment category" is

who buys and sells goods." Ex. 2007, at ¶ 19. Specifically, the '988 patent does not describe limiting use of a transaction code by group, type, or category of merchant. *Id.* But, rather, describes a merchant as someone who a customer can make a purchase from using the transaction code. Ex. 1001, 4:8-17, 4:49-54, 6:6-8, 6:44-54, 8:18-24.

Additionally, the current construction is inconsistent with the file history. Ex. 2007, at ¶ 20. During reexamination of the '988 patent the limitation "said one more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants" was construed to mean including one or more merchants in a payment category prior to any particular merchant being identified. *See* Ex. 1003, '988 Patent Reexamination History at 103.

Thus, for these reasons, under the broadest reasonable construction, "said one or more merchants limitation" is simply the reference to the limitation of "limiting a number of transactions to one or more merchants" that immediately proceeds the phrase "said one or more merchant limitation." Ex. 2007, ¶¶ 15-20.

F. "said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants"

Thus, using the broadest reasonable construction of "said one or more merchants limitation" and "particular merchant," discussed above, the entire limitation "said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants" means "including the limit in the payment category that limits transactions to one or more merchants before any particular merchant is identified as one of the one or more merchants." Ex. 2007, ¶ 21; *See also* Ex. 1003 at 103.

G. "said single merchant limitation"

Similar to "said one or more merchants limitation," the Board has also construed "said single merchant limitation" to mean "any group, category, or type or merchant." Decision at 9. The Board distinguishes the "said single merchant limitation" from the "said one or more merchants limitation" by stating that "the 'one or more merchants' allows for one or multiple merchants as any group, category, or type of merchant, whereas 'single merchant' allows for only one merchant." Decision at 9-10.

category prior to any particular merchant being identified. Ex. 2007, at ¶ 26; Ex. 1021 at 6. And, this construction is consistent with the file history of related U.S. Patent No. 7,840,486 patent. Ex. 1013, File History of U.S. Patent No. 7,840,486, at 51, 140-141; Ex. 2007, at ¶ 26.

Thus, for these reasons, under the broadest reasonable construction, "said single merchant limitation" is simply the reference to the recited limitation of "at least limits transactions to a single merchant" that immediately precedes the phrase "said single merchant limitation." Ex. 2007, at ¶¶ 21-26.

H. "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant"

Thus, using the correct broadest reasonable construction of "said single merchant limitation" and "particular merchant," as discussed above, the entire limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant" means "including the limit in the payment category that limits transactions to a single merchant before any specific merchant is identified as the single merchant." Ex. 2007, at ¶ 27; *See* Ex. 1021 at 6; *See* Ex. 1013, at 51, 140-141.

4. All of the '988 Patent Claims Remain Patentable

A. Claims 1-10, 15-25, 27-33, and 35-38 of the '988 patent are not anticipated by Cohen (Ground 1).

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently, described in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631 (Fed. Cir. 1987). Further, anticipation requires that the reference disclose "not only all of the limitations claimed but also all of the limitations arranged or combined in the same way as recited in the claim." *Net MoneyIN v. VeriSign, Inc.*, 545 F.3d 1359, 1371 (Fed. Cir. 2008).

"In relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art." MPEP § 2112(IV) (citation omitted). "The fact that a certain result or characteristic may occur or be present in the prior art is not sufficient to establish the inherency of that result or characteristic." *Id.* (citation omitted).

Following these principles, Cohen does not anticipate claims 1-10, 15-25, 27-33, and 35-38 because Cohen does not teach every claim limitation of each independent claim.

(1) ***Claims 21 and 23-30 are not anticipated by Cohen***.

Independent claim 21 includes the limitation:

> (b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant.

Petitioner relies on Cohen's disclosure of a single-use credit card number that is deactivated after being used once to inherently teach the claim limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." Pet. at 16, 27-28; Ex. 1008, Grimes Dec. at ¶41.

Patent Owner, in the Preliminary Response, asserted that Cohen's disclosure of a single-use credit card does not meet the disputed claim limitation because a single-use credit card cannot be used to make multiple

transactions as required by the claims. Prelim. Resp. at 22-23. Petitioner's expert, Dr. Grimes, agrees that Cohen's single-use card cannot be used to make multiple transactions, stating:

> Each of these single use cards has a unique card number that is different from the master credit card account number. That way, if the card number and accompanying info is subsequently stolen, that card number cannot be used for a second purchase. After the card is used, it may be discarded.

Ex. 1008, Grimes Dec. at ¶13. Indeed, Cohen's single use credit card does not meet the claim limitation, because the claim limitation includes making more than one transaction.

In instituting this *inter partes* review, the Board found that "[a]though Cohen discloses a single-use credit card, Cohen further discloses a credit card that can be used at certain store for a set amount or for a set time period." Decision at 14. The Board then instituted this review on the basis of Cohen's disclosure that a credit card can be limited to a certain store (particular store), groups of stores, or types of stores as allegedly meeting the disputed claim limitation. *Id.*

As discussed above, the claim limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified said single merchant" cannot properly be construed to mean "any group, category, or type of merchant is included in the payment category prior to the customer selecting a particular merchant for a transaction." Rather, under the broadest reasonable construction, this limitation means "including the limit in the payment category that limits transactions to a single merchant before any specific merchant is identified as the single merchant." Ex. 2007, at ¶¶ 21-27; Ex. 1021 at 6 and Ex. 1013, at 51, 140-141.

Using the correct claim construction, the disputed claim limitation is not satisfied by Cohen's disclosure of limiting a credit card's use to type of stores, a certain store, a group of stores, or a particular chain of stores limits.

(a) Cohen's merchant type limit does not satisfy the claim limitation "prior to any particular merchant being identified."

Cohen's type of stores limit (e.g., clothing stores) and type of charges limit (e.g., computer hardware and software stores) are merchant

type (merchant category) limits. Ex. 2007, at ¶ 34. Petitioner unequivocally agrees, stating:

> Patent Owner's arguments, however, ignore that the Director's correct finding that Cohen discloses a merchant type restriction that limits the transaction code to "computer stores" and "clothing stores" (for example) – and not simply to particular preapproved products.

Pet., at 7 (original emphasis removed).

And limiting a credit card by merchant type limit is the same as limiting a credit card by a Merchant Category Code (MCC). Ex. 2007, at ¶ 35; Ex. 2004, U.S. Patent No. 5,621,201, at 12:11-14. Petitioner's expert agrees, stating "MCC codes were, before the time the '988 patent application was filed, used for assigning merchant type categories." Ex. 1008, Grimes Dec. at ¶17. Thus, limiting use of a credit card to a merchant type (e.g., clothing stores or computer hardware and software stores) is the same a limiting use of a credit card by a Merchant Category Code. Ex. 2007, at ¶ 36.

With this understanding, Petitioner's own expert, Dr. Grimes, concedes that a merchant type limit (e.g., clothing stores or computer

hardware and software stores) or, stated differently, an MCC limit does not satisfy the disputed claim limitation, stating:

> D'Agostino, however, then argued that identifying a merchant by the MCC code as disclosed in Langhans did not teach the "prior to any particular merchant being identified as said single merchant." *Id*. This was a clear disavowal of subject matter, and **makes clear that simply pre-identifying a merchant by an MCC code is insufficient to satisfy the element "prior to any particular merchant being identified."**

Ex. 1008, Grimes Dec. fn. 3, at 14 (emphasis added). Indeed, Cohen's merchant type limit (e.g., clothing stores or computer hardware and software stores) does not anticipate the claim limitation "prior to any particular merchant being identified." Ex. 2007, at ¶ 37.

(b) Cohen's type of store limit and type of charges do not create a limit to a single merchant.

Limiting a credit card's use to a type of stores or to a type of charge plainly does not create a limit to a single merchant. At most, a type of store or a type of charge limit creates indeterminable numerical limit on a number of merchants, where the number is greater than one. Ex. 2007, at

¶ 38. And this cannot meet the disputed claim limitation, because the claim limitation requires a payment category that limits transactions to a one merchant. Ex. 2007, at ¶¶ 46, 47.

(c) Cohen's certain store limit cannot be made before identifying a specific merchant as the certain store.

Cohen's certain store limit cannot be created before identifying the certain store, because the nature of the limit itself requires identifying a specific store as the certain store so that the credit card company can create the limit and restrict purchases to only that identified store. Ex. 2007, at ¶ 45. One of ordinary skill in the art would understand that the meaning of "certain store" in the context of Cohen is the same as a "particular store." *Id*. Cohen describes "[t]he card could be valid only for purchase on that particular day…and even, if desired only in a certain store…." Cohen at 8:43-46. Cohen's use of "certain" denotes a specific identification so as not to refer to any other store, which carries the same ordinary and plain meaning of "particular." Ex. 2007, at ¶ 45.

Directly opposite of Cohen's certain store limit, the claims require including a payment category that limits transactions to a single merchant before any particular merchant is identified as the single merchant. Since

Cohen's certain store limit requires identifying a specific store in order to create the limit to that store, the limit cannot be made before the identification, and therefore does not meet the claim limitation. For the same reasons, Cohen's particular store limit also does not meet the claim limitation. Ex. 2007, at ¶¶ 46, 48.

(d) Cohen's group of stores limit is not a limit to a single merchant and cannot be made before identifying specific stores as members of the group of stores.

Limiting use of a credit card to groups of stores does not create a limit to one merchant. Ex. 2007, at ¶ 40. The phrase "group of stores" itself means more than one merchant. Further, creating a group of stores requires identifying specific stores that consist of and form the group. *Id*. In other words, a group of stores can only be created by identifying the stores that belong to the group. And in order to limit a credit card's use to a group of stores, that group must already exist otherwise it could not be identified so that the credit card company can create the limit and restrict purchases to only that identified group of stores. *Id*., at ¶ 39.

Accordingly, because a group of stores limit is not a limit to only one store (one merchant) and a group of stores limit cannot be made before

identifying specific stores that consist of and form the group, limiting a credit card's use to a group of stores does not meet the disputed claim limitation. Ex. 2007, at ¶¶ 46, 48.

(e) Cohen's particular chain of stores limit cannot be made before identifying a particular merchant.

Similar to Cohen's certain store (particular store) limit, Cohen's particular chain of stores limit, by nature of the limitation itself, requires identifying a specific chain of stores so that the credit card company can create the limit and restrict purchases to only that identified chain of stores. Ex. 2007, at ¶¶ 41-42. That is, the limit cannot be made without first identifying the particular chain of stores. It is known that a chain of stores consists of series of stores that are owned by one ownership and selling the same goods. *Id.*; *See* Ex. 2005, at 3. Consequently, identifying a particular chain of stores to create a limit on a credit card to that specific chain of stores is certainly an identification of a particular merchant, to find otherwise would be unreasonable. Ex. 2007, at ¶ 42.

For example, creating a limit to Target® stores requires identifying Target as the chain of stores so that the credit card company can create the limit and restrict purchases to only Target. Ex. 2007, at ¶ 43. Without

identifying Target as the chain of stores, the limit to Target simply could not be made. *Id*., at ¶ 49. Identifying Target to create the limit to only Target certainly is an identification of a particular merchant. *Id.* This is so because the restriction does not require the user to visit a specific brick and mortar location for the restriction to be effective. *Id.* The user could simply make an online purchase using the restricted card by visiting Target's website. *Id.* But the card would be declined if the user attempts a purchase at a different chain store. *Id.* Thus it would be unreasonable to conclude that identifying a chain of stores does not include identifying a particular merchant until the transaction code is used at a particular store location.

Alternatively, if the Board were to conclude that a limit to a chain of stores could be made before identifying a particular merchant by finding that the particular merchant is identified when the card is used at a particular chain store location, such a limitation certainly would not be a limit to a single merchant because it would include all of the chain store locations. Thus, for these reasons, Cohen's particular chain of stores limit does not satisfy the disputed claim limitation. Ex. 2007, at ¶¶ 46, 48.

(f) The ex parte reexamination of the '988 patent confirmed claims 21 and 23-30 as patentable over Cohen.

Finally, in the *ex parte* reexamination of the '988 patent, Patent Owner argued that Cohen's particular store, type of charge (merchant limitation), and particular chain of stores limits do not meet the disputed claim limitation. Ex. 2003, Appeal Brief, at 13-17. After considering Patent Owner's arguments, the CRU examiner and two conferees agreed with Patent Owner that Cohen does not anticipate claims 21 and 23-30, stating that "Cohen does not disclose a single merchant being included in a payment category prior to any particular merchant being identified," and confirmed claims 21 and 23-30 as patentable over Cohen. Ex. 1021 at 6.

Accordingly, since Cohen does not disclose the disputed claim limitation, Petitioner has failed to establish by a preponderance of the evidence that Cohen is an anticipatory reference. For this reason, Patent Owner respectfully requests this Board to issue a Final Written Decision that confirms the patentability of claims 21 and 23-30.

(2) ***Claims 1-10, 15-20, 22, and 31-38 are not anticipated by Cohen.***

Independent claim 1 includes the limitation:

> (c) defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants.

Independent claims 17, 19, and 22 recite similar claim limitations that requires a payment category that limits transactions to one or more merchants, and that requires "said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants."

As discussed above, the claim limitation "said one or more merchant limitation being included in said payment category prior to any particular merchant being identified as one of said merchants" cannot properly be construed to mean "any group, category, or type of merchant is included in the payment category prior to the customer selecting a particular merchant for a transaction." Rather, under the broadest reasonable construction, this

limitation means "including the limit to one or more merchants in the payment category before any specific merchant is identified as one of the one or more merchants." Ex. 2007, ¶¶ 15-21; Ex. 1003 at 103.

Petitioner relies on several portions of Cohen to purportedly meet the disputed claim limitation. Specifically, Petitioner relies on Cohen's disclosure of limiting use of a credit card to (1) merchant type, (2) a certain store; (3) a particular chain of stores; and (4) a group of stores. Pet. at 8, 17-18. But none of these credit card use limits satisfy the disputed claim limitation. Ex. 2007, at ¶ 49.

(a) Cohen's merchant type does not satisfy the claim limitation "prior to any particular merchant being identified."

As discussed above, with respect to claims 21 and 23-30, Cohen's types of stores and types of charge limit are merchant type limits. *See* Section 4(A)(1)(a)**,** *supra*. And, limiting a credit card's use by merchant type is the same as limiting a credit card's use by a merchant category code (MCC). But, as further discussed above, Petitioner's own expert concedes that limiting a credit card's use by merchant type or, in other words, by merchant category code does not satisfy the claim limitation "prior to any particular merchant being identified." Ex. 1008, Grimes Dec. fn. 3, at 14.

(b) Cohen's merchant type limit does not satisfy the claim limitation "one or more merchants."

Cohen's merchant type, such as types of stores (e.g., clothing stores) and types of charges (e.g., computer stores), does not satisfy "one or more merchants" in the context of its meaning relevant to the '988 patent. Specifically, "one or more merchants" means "one merchant up to a plurality of merchants, where the number of merchants is a finite number." Decision at 8. And the steps of the claims imply that the finite number must be a reasonable number of merchants to perform a purchase and authorize payment. Ex. 1014, Case CBM2013-00057, Paper 9 at 8-9 (PTAB March 7, 2014) (stating: "[The claim] steps imply a reasonable, finite number of merchants to authorize payment and perform a purchase").

Cohen's merchant type limitation (e.g., a limitation to an entire industry of merchants) does not fall within this meaning because it does not create a limit to a reasonable, finite number of merchants. Ex. 2007, at ¶ 50. Using the clothing store example, while a limit to merchants that are clothing stores creates some numerical limit because not all merchants are clothing stores, such a limit to every clothing store that might exist in the entire world is not a numerical limit that is finite. Ex. 2007, at ¶ 51. At most

it is an indeterminable numerical limit on the number of merchants, because how can one know or even determine the number of clothing stores that might exist in the entire world on any given day. *Id.* And, an indeterminable number, by definition, is not a finite number. *Id.*

Further, a numerical limit to the number of merchants that is equal in number to every conceivable clothing store in the world is simply not a reasonable number of merchants to perform a purchase and authorize a payment. Accordingly, since Cohen's type of merchant limit does not create a limit to a reasonable, finite number of merchants, Cohen's type of merchant limit does not satisfy the "one or more merchants" claim language within the meaning of the '988 patent.

(c) Cohen's certain store limit cannot be made before identifying a particular merchant as the certain store.

Similarly, as discussed above with respect to claims 21 and 23-30, Cohen's certain store (particular store) limit does not satisfy the disputed claim limitation because creating a limit to a certain store (particular store) cannot be done before a particular merchant is identified. *See* Section 4(A)(1)(c)**,** *supra.* Whereas, the disputed claim limitation requires a payment category that limits transactions to one or more merchants before

any particular merchant is identified as one of the one or more merchants. Ex. 2007, at ¶ 53.

(d) Cohen's particular chain of stores limit cannot be made before identifying a particular merchant.

Similarly, as discussed above with respect to claims 21 and 23-30, Cohen's particular chain of stores limit does not satisfy the disputed claim limitation because creating a limit to a particular chain of stores cannot be done before a particular merchant is identified. *See* Section 4(A)(1)(e)**,** *supra.*. In summary, identifying a chain of stores in order to create the limit to only that chain of stores is an identification of a particular merchant. Ex. 2007, at ¶ 52. And because the limit cannot be made before the identification, it does not satisfy the disputed claim limitation, which requires a payment category that limits transactions to one or more merchants before any particular merchant is identified as one of the one or more merchants. Ex. 2007, at ¶ 53.

(e) Cohen's group of stores limit cannot be made before identifying specific stores as members of the group of stores.

Similarly, as discussed above with respect to claims 21 and 23-30, Cohen's group of stores limit does not satisfy the disputed claim limitation

> c) *generating a transaction code* by a processing computer of a custodial authorizing entity of said pre-established account, *said transaction code associated with* at least said pre-established account and *the limits of said selected payment category* and different from said pre-established account.

Independent claims 19, 21, and 22 include similar limitations and need not be discussed separately. Importantly, each independent claim requires the designating or selecting step to be performed before the generating step. The specification of the '988 patent only describes generating the transaction code after both (1) identifying an account that is used to make credit card purchases to associate with the transaction code and (2) designating or selecting a payment category. Ex. 1001, Abstract, 5:64-6:6; 6:24-44; Ex. 2007, at ¶ 54.

Admittedly, Cohen discloses that a credit card number can have its use customized, but Cohen does not disclose defining/selecting customized uses of the credit card number before the credit number is generated. Rather, Cohen's card is customized after the credit card number is generated. Ex. 2007, at ¶ 55.

Particularly, Cohen discloses that "a user dials into her credit card company before making a transaction, and … is provided with a disposable or customized number." Decision at 14 (citing Ex. 1004, 3:42-49). Cohen also discloses that "a user can indicate in advance of purchase, on the telephone call with the credit card company, what the single use or the customized credit card number is to be used for." *Id*. (citing Ex. 1004, 3:50-53).

But these portions do not explicitly disclose the step of designating or selecting a payment category including limits on a transaction code and then, after designating or selecting the payment category, the step of generating or producing the transaction code. Ex. 2007, at ¶ 55. Rather, these portions of Cohen merely teach that a user is provided with a customized number before making a purchase. And, before making the purchase, the user can specify the limitations that restrict use of the credit card number for the purchase. *Id*. That is, these portions of Cohen do not explicitly disclose the timing between generating the customized credit card number and specifying the limits on the customized credit card

number. And Petitioner has not provided documentary evidence supporting that these portions of Cohen necessarily discloses this disputed claim limitation.

Further, and directly opposite of the disputed claim limitation, Cohen discloses specifying the limits on the customized credit card number after the number has been generated:

> In one embodiment, with respect to customization, the user receives one or more credit cards, each of which is inactive. Each card has a blank amount of credit, and no predefined use…. When the user receives the credit card, or when the user is ready to activate the credit card, the user determines…what particular uses or types of uses are desired.

Cohen, at 9:13-23. Thus, considering that the portions of Cohen found at col. 3, lines 42-53 do not explicitly disclose the timing between selecting/designating a payment category and generating a transaction code, but the portion of Cohen found at col. 9, lines 13-23 does explicitly disclose generating a credit card number and then selecting the limits on the credit card's use, one of ordinary skill in the art would understand that

Cohen's disclosure does not include designating/selecting the limits before generating the credit card number. Ex. 2007, at ¶¶ 55-57.

Finally, in the *ex parte* reexamination of the '988 patent, Patent Owner argued that Cohen does not disclose designating/selecting the limits before generating the credit card number. Ex. 2003, at 23-25. The CRU examiner and two conferees considered the portions of Cohen found at col. 3, lines 49-53 and col. 9, lines 13-23, and then agreed with Patent Owner that Cohen does not anticipate the claim limitation, stating "[u]pon further consideration the examiner agrees with appellant's argument that Cohen fails to teach that the transaction code is generated *after* the designation of the payment category and any specific criteria within the payment category." Ex. 1021, at 3-4 (emphasis original). Afterwards, the CRU confirmed independent claims 1, 17, 19, 21, and 22 as patentable over Cohen. Ex. 1021, at 4.

Accordingly, since Cohen does not disclose generating the transaction code after the designation of the payment category and any specific criteria within the payment category, as required by each independent claim, Petitioner has failed to establish by a preponderance of

The Patent Owner further spends several pages attacking the Board's construction of the "said one or more merchants limitation" and the "single merchant limitation." Response at 15-22. These "arguments" lack substance. The Board correctly interpreted each phrase as "any group, category, or type of merchant is included in the payment category prior to the customer selecting a particular merchant for a transaction." ID at 9. The Board then qualified this construction noting that "one or more merchants" allows "for one or multiple merchants as any group, category, or type of merchant" and "single merchant" allows "for only one merchant." *Id.* at 10. The Patent Owner professes confusion about this construction ("it is unclear"), and "interprets the Board's construction of "said single merchant limitation" to be "any one group, type, or category of merchant." Response at 19. But this is neither reasonable nor correct, as the Board has already explained. ID at 10. In view of the foregoing, Patent Owner's arguments regarding patentability also fail, as explained below.

III. Cohen Discloses "A Payment Category That at Least Limits Transactions to a Single Merchant"

In connection with claims 21 and 23-30, and the clause "within a payment category that at least limits transactions to a single merchant," Patent Owner argues (1) that Petitioner relies on Cohen's disclosure of single-use cards (at 24); (2) that Cohen's disclosure of single-use cards does "not meet the disputed claim limitation because a single-use card cannot be used to make multiple transactions as required

The Court said that he didn't relate his mechanical engineering experience, a year and a half of mechanical engineering experience to the technology that's in that patent.

Okay. We distinguish Sundance by a later case SEB, which was also out of the Federal Circuit, which talked to Sundance, but basically said the situation in Sundance is unusual and nowhere close to where an expert demonstrates technical experience or knowledge in the area.

Petitioner thinks that on that aspect of it in SEB, the expert was brought in to testify on particular polymers that are selected for deep fryers and he had experience in selecting polymers in one way or another is what he said in his deposition, but he had no experience in selecting polymers for deep fryers. It's similar to our expert. Our expert has 39 years of experience as an electrical engineer, a master's of electrical engineer, in developing computer hardware technology that relates to the technology of these patents.

While it's true, we don't contend the fact that he doesn't have any experience in credit card processing per se, but the Federal Circuit is very clear that an expert doesn't have to have personal experience in order to testify, so long as that there are other qualifications to give them the ability to do that and I think that our expert has done that in this case.

If you will, I would like to move on to -- there was a number of issues related to what does -- what is a single merchant, what is that in the construct of these claims, and essentially one of the important

things that needs to be looked at that I believe is being dropped off the end of Petitioner's argument is that they stop -- if you read the claim, it says, defining a payment category, including at least limiting purchases to a single merchant, for at least one transaction, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant.

If you look at Petitioner's arguments, they stop at identify. They put a period at identify. They don't relate the particular merchant being the said merchant, single merchant, that is predefined or pre-qualified in the first aspect of it. So we're not really saying that it can be any merchant out there in the world.

What we're saying is, is that the particular merchant is a merchant that becomes identified as said single merchant at a later time down the road. So it is actually tied to the transaction. The reason that we use a versus the in their aspect, if you will -- if we go back to Claim 1 of the '988 patent, if you will, and I believe there was a significant amount of discussion on this. It says right here in that key limitation -- and this is one or more merchants, but since we spent a considerable amount of time on it, we'll go back to it.

I'm sorry, Claim 21. I apologize, Your Honors. Claim 21 of the '988. B. It says, receiving a request from said accountholder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant.

There is a distinction between a purchase and a transaction and specifically you can go into a clothing store or you can go into, if

JUDGE DESHPANDE: And with the '988 patent it says, limiting a number of transactions to one or more merchants. Are we limiting the number of transactions or are we limiting the number of merchants?

MR. LEWELLYN: The number of merchants.

JUDGE DESHPANDE: Okay.

MR. LEWELLYN: Okay. So then we go through where it says, then we qualify the limiting of a single merchant where we say that single merchant has to be a limitation made before -- I'm sorry, I'm reading -- we're referring to '988, I apologize. I was looking at the '486 there.

So C, defining at least one payment category to include limiting a number of transactions to one or more merchants. That's what it is. We're saying that we've got to have a credit card limitation and it's got to be limited to one or more merchants. Then we're further qualifying that that limitation to one or more merchants has to be made before any merchant is identified as, and this is the key, including the said payment category prior to any particular merchant being identified as one of said one or more merchants, and that's really key. We can't stop at identify because that refers back to the original limit.

JUDGE DESHPANDE: Can you give us an example of what this means? I guess I'm still struggling with the idea of we're going to limit it to one or more merchants without knowing who the merchant is.

MR. LEWELLYN: We don't believe that reads on the claims for two alternative purposes. One, the alternative aspect probably comes more on the single merchant than it does the one or more, but essentially Target is a chain store and it's known just by a plain definition. We submitted an exhibit for the plain definition that a chain store has one ownership that has multiple locations, right?

And we're not contemplating that we create a limit to Target, but that limitation isn't met until you physically walk into Target located down the street from your house into a brick and mortar, right? Because essentially if you create a limit to Target, you could go to Target's website and you could do a purchase on Target's website without regard to which particular store you go into and that would satisfy the claim limitation.

So we don't believe that just because you create a limit to Target, that doesn't mean it's an identification because you haven't identified the particular store that you've walked into essentially.

JUDGE DESHPANDE: But isn't that the point, that's exactly the language the claim requires?

MR. LEWELLYN: Well, no --

JUDGE DESHPANDE: We want a particular merchant versus a group of one or more merchants, right?

MR. LEWELLYN: It's our opinion that the particular merchant in that situation is Target. Target is the particular merchant in that situation. It is only one merchant, but Target is the particular merchant.

We're not construing merchant as being this separation from, okay, you've got this big conglomerate of Target, which is a chain store, that has separate retail locations. We're not distinguishing the particular merchant being the separate locations. We're distinguishing as soon as you identify Target, that's an identification of a particular merchant. That is one of the merchants that you could do a transaction with.

You could do Target and you could do Walmart. If you do Target and Walmart, then you would have two merchants that have been identified in that, two particular merchants that have been identified as could be one or more of the set.

JUDGE MEDLEY: So you're saying the claim is limited so that a merchant wouldn't be to a particular Target. A merchant by definition would not be to a particular Target.

MR. LEWELLYN: No. Let me -- I'm not sure I completely understand the question.

JUDGE MEDLEY: How do you define merchant?

MR. LEWELLYN: I'm defining a merchant as someone that you can -- a merchant is a person that transacts, buys goods and sells goods and you can make a purchase from that. So if you identify Target, right? Target to us, that's identification of a merchant. It could be identification of a particular merchant, because you can go on line to Target and make a purchase with Target with regard to what store or local store that you may go into.

So beyond the fact that there's local stores, we don't think that that's an indication of, okay, we're going to create a limit by saying Target, one or more merchants. Because really once you identify Target as the merchant, there really isn't one or more merchants at that point. There may be one or more locations of Target, but it's still Target as the merchant.

JUDGE MEDLEY: Why can't you think of all kinds of Targets being all kinds of merchants?

MR. LEWELLYN: Well, because we look at Target -- Target is the merchant. So if you have two Targets that are in locality at two different locations, they're still owned by Target.

JUDGE MEDLEY: But what in the claim limits it to that? I mean, I think of a merchant, it could be the Target on Glebe versus the Target on Burke Center Parkway or, you know, those are separate merchants. There's nothing in the claim that says it -- says what you are saying it says.

MR. LEWELLYN: Well, I think where it says in the claim is merchant. So what is the definition of merchant? I think that's where our understanding of what a definition of merchant might be a little bit distinguished --

JUDGE EASTHOM: What about a license to a franchisee situation, say McDonald's where, you know, it's different franchisees, but, you know, in your view one merchant, but wouldn't each franchisee be a separate merchant?

MR. LEWELLYN: I cannot argue that point, Your Honor. Yes, I do believe on that point.

With regard -- could we -- if we can move to the single-merchant limitation or do we still need clarification, Your Honor, with regard to the generating?

JUDGE DESHPANDE: Under the -- I guess the licensee model that Judge Easthom presented -- no, I'm okay. You can proceed.

MR. LEWELLYN: You're okay?

JUDGE DESHPANDE: Yeah.

MR. LEWELLYN: Okay. Thank you.

So moving to the single -- moving on to the single merchant limitation, again, they also use groups of stores to meet the single-merchant limitation.

Your Honor, how much time do I have left?

JUDGE DESHPANDE: You have 40 minutes left.

MR. LEWELLYN: Thank you, sir.

So they use groups of stores limitation to also meet the single-merchant limitation and the problem that we have with groups of stores to meet the single-merchant limitation is because a group of stores by nature of itself means more than one merchant.

So if you have a group of stores, you could have store A, you could have store B, you could have store C in a group of stores. That's a group is more than one. So you've got a group of stores, three potential merchants, if you will. That's not a limit to a single

that you have the term or the limit any computer store is a single merchant. It could be a one or more merchant limitation, but it definitely is not a single-merchant limitation.

Your Honors, if you don't have any further questions, I think we'll --

JUDGE DESHPANDE: I have one more question. Is Claim 21 of the '988 patent and the claims of the '486 patent, if Cohen were to be read to read on Claim 21 of '988 and if there was a -- Cohen was determined to read on a single-merchant limitation, would it necessarily also read on the one or more merchant limitation then, too?

MR. LEWELLYN: Yes, Your Honor.

Are there any further questions, Your Honors? Okay. I will rest on our briefs for the rest. Thank you.

MR. SCHEINFELD: Thank you, Your Honors. Just a few points.

First, on the motion to exclude we agree that an expert doesn't have to be someone of ordinary skill in the art, I just want to make that clear, but that person needs to have experience, knowledge in the pertinent art and Mr. Gussin has no experience and knowledge in the pertinent art of secure credit card purchases.

And the case law that's cited, SEB in particular, points out that the polymer experience that the expert had had sufficient connection with the polymer materials required by the claims. There is no experience tying Mr. Gussin to the claims.

which they appear. 37 C.F.R. § 42.100(b). Claim terms are given their ordinary and customary meaning as would be understood by one of ordinary skill in the art in the context of the entire disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). "All words in a claim must be considered in judging the patentability of that claim against the prior art." *In re Wilson*, 424 F.2d 1382, 1385 (CCPA 1970).

Argument

In its Final Written Decision, the Board "[construed] the relationship between the recited 'particular merchant' and the 'single merchant' such that the 'single merchant' includes the particular merchant as a member of the single merchant chain, without identifying the particular merchant." Paper 28 at 19. In reaching this conclusion, the Board misapprehended or overlooked the claim limitation "as said single merchant," which immediately follows the claim language "prior to any particular merchant being identified."

The Patent Owner argued that claims 21 and 23-30 of the '988 patent include the claim limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified ***as said single merchant.***" *See* Ex. 1001, 11:14-16; PO Resp. at 18-20 (emphasis added). The Patent Owner further argued that dropping "as said single merchant" from the claim limitation is improper. PO Resp. at 18-22, 31-32; Tr. 26:23-27:11. The

Patent Owner further argued that under the proper claim construction, a limit to a chain of stores does not satisfy the claim limitation. PO Resp. at 31-32. Specifically, a limit to a chain of stores as the single merchant cannot satisfy the claim limitation, because creating such a limit requires identification of the chain store before the limit can be created and the purchases restricted to the identified chain store, whereas the claim limitation requires that the single merchant is not identified before the limit to the single merchant is created. *Id.*

The Board rejected the Patent Owner's argument and found "a single merchant can be the chain of stores, whereas the particular merchant is a single store of that chain of stores." Paper 28 at 19 (internal quotations removed). The Board further concluded "the 'single merchant' could be Target or McDonald's chain of stores, where a 'particular merchant' could be a specific Target or McDonald's store, e.g., at a particular location or online." Paper 28 at 18. This finding is an erroneous conclusion of law and a clearly erroneous finding of fact.

First, the Board has misconstrued the claim limitation by improperly stripping "as said single merchant" from the claim limitation. This is apparent because in construing the claim limitation the Board did not account for the requirement that the "particular merchant" is the "single merchant," as required by the claim. The claim explicitly recites "**said single merchant** limitation being

included in said payment category **prior to any particular merchant being identified *as said* single merchant."**

The Board's error is most easily shown by inserting Target as the single merchant limit and Location A (a subset store of the single merchant Target chain store) as the particular merchant limit within the claim itself: said **Target** (single merchant) being included in said payment category prior to **Location A** (any particular merchant) being identified as said **Target** (single merchant). Accordingly, as seen here, when the entire claim limitation is considered, including "as said single merchant," it becomes clear that the Board's claim construction is erroneous.[1]

The Board's claim construction is incorrect because the Board's construction results in Location A being both the particular merchant as a subset of the single merchant and also the single merchant itself. This contradicts the Board because the Board is separately relying upon the chain of stores to meet the single merchant

[1] This same demonstration applies whether the chain of stores is identified as Target, McDonalds, or any other chain of stores as the single merchant. In any instance, when the entire claim is considered, the subset store that is relied upon by the Board as the particular merchant limit becomes both the particular merchant and the single merchant, which contradicts the Board's reliance upon the chain of stores to meet the single merchant limit without identifying a particular merchant.

limit and then a subset store of the chain of stores to meet the particular merchant limit. But, this contradiction does not exist when "as said single merchant" is not included in the claim – further illustrating that the Board did not consider "as said single merchant" in its analysis. Consequently, the Board's claim construction that improperly strips "as said single merchant" from the claim limitation is an erroneous conclusion of law that calls for correction. *In re Wilson*, 424 F.2d at 1382.

Finally, the Board's improper claim construction inevitably lead to the Board's incorrect finding that Cohen's chain of stores limit satisfies the claim limitation. More specifically, it is apparent that the Board acknowledges that creating a limit to a chain of stores requires identifying the chain of stores as the single merchant. Paper 28 at 17-19. But the claim requires that no particular merchant is identified as the single merchant before the limit to the single merchant is created. PO Response at 31-32. And, as further discussed above, under the proper claim construction, including the language "as said single merchant" the Board cannot meet the claim limitation by relying upon a subset store of the chain of stores to teach the particular merchant and the chain of stores to teach the single merchant, because this creates a conflict between the recited particular merchant and the recited single merchant.

I. INTRODUCTION

John D'Agostino ("Patent Owner") filed a Request for Rehearing (Paper 29; "Req. Reh'g") of our Final Decision (Paper 28, "Final Decision"), dated August 31, 2015, which held unpatentable claims 1–38 of Patent No. 8,036,988 C1[1] (Ex. 1001; "the '988 patent"). Generally, Patent Owner contends the Board misapprehended or overlooked the proper interpretation for the claim term "as said single merchant," as recited by claims 21 and 23–30, and, under Patent Owner's interpretation, the prior art fails to disclose this limitation. Req. Reh'g 2–6. Accordingly, Patent Owner requests a rehearing for only claims 21 and 23–30. *Id.* at 1. For the reasons stated below, Patent Owner's request for rehearing is *denied*.

II. STANDARD OF REVIEW

"The burden of showing a decision should be modified lies with the party challenging the decision. The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply." 37 C.F.R. § 42.71(d).

III. DISCUSSION

In its Final Decision, the Board determined, under the broadest reasonable interpretation, the limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant" means "the merchant transactions are limited to a single merchant and are included in the payment category prior to the customer selecting a particular merchant for a transaction." Final Decision 13. The Board also determined that

[1] A Reexamination Certificate was issued on October 15, 2014.

the "single merchant" includes the "particular merchant" without identifying the "particular merchant." *Id*. at 11–12.

Patent Owner contends that the Board misapprehended or overlooked the proper interpretation for the claim limitation "as said single merchant," which immediately follows the claim language "prior to any particular merchant being identified," and the Board dropped this limitation from the claims. Req. Reh'g 2–6. Patent Owner specifically argues that the Board improperly removed "as said single merchant" from the claim limitation because the claim requires that the "particular merchant" is the "single merchant." *Id*. at 3–5. Patent Owner contends that the Board's construction is erroneous because the Board did not account for the requirement that the "particular merchant" is the "single merchant." *Id*. Patent Owner concludes that the erroneous claim construction "inevitably lead to the Board's incorrect finding that Cohen's chain of stores limit satisfies the claim limitation." *Id*. at 5.

We are not persuaded by Patent Owner's argument. The Board could not have misapprehended or overlooked Patent Owner's argument because Patent Owner is raising this argument for the first time on rehearing. Patent Owner cites pages 18–22 and 31–32 of the Patent Owner's Response to support their argument that this issue was raised during the proceeding. *Id*. at 2. However, we are unable to find this argument in the Patent Owner's Response. Patent Owner had argued the broadest reasonable construction of "said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants" and "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." PO Resp. 18-22. However, Patent Owner's argument is directed towards the entire limitation and is not narrowly

tailored to "as said single merchant," and the proper interpretation of "as said single merchant." Patent Owner further argued the broadest reasonable construction of "said single merchant limitation," which is not the same as "as said single merchant." *Id*. at 18–22. Patent Owner additionally argued that Cohen's chain of stores limit does not meet the claim limitation, as construed by Patent Owner. *Id*. at 31–32. However, the argument that the Board dropped "as said single merchant" from the claim limitation, and the Board's construction results in the single store of the chain of stores as both the "single merchant" and as the "particular merchant" was not raised until this rehearing request. Accordingly, we are not persuaded that we misapprehended or overlooked Patent Owner's argument because it was not raised.

Furthermore, the Board expressly construed the limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant" to mean "the merchant transactions are limited to a single merchant and are included in the payment category prior to the customer selecting a particular merchant for a transaction" and the "single merchant" includes the "particular merchant" without identifying the "particular merchant." Final Decision 11–13. The Board determined that absent such a relationship between the recited "single merchant" and "particular merchant," the claim language would be indefinite as ambiguously limiting transactions to an unidentified, particular merchant. *Id*. at 12. The Board further determined that Cohen's disclosure limiting credit card purchases to a specific chain of stores, such as a specific chain of restaurants, meets this limitation. *Id*. at 18–19. Based on our claim construction, the chain of stores (the "single merchant") does not identify the single store (the "particular merchant"), but the

single store (the "particular merchant") is still a subset of the chain of stores (the "single merchant").

Patent Owner explains that the Board's error can be illustrated most easily by example, where Target is the "single merchant" and Location A is the "particular merchant." Req. Reh'g 4–5. Patent Owner argues that in this example, it can be seen that the Board's construction is erroneous because Target and Location A cannot work without dropping "as said single merchant" from the claim limitation. *Id*. However, Patent Owner's analysis stops here.[2] Patent Owner does not provide any argument or rationale to illustrate why Target cannot be the "single merchant" and Location A cannot be the "particular merchant," thereby Target is included in the payment category prior to any particular Target, such as Location A, is identified as the specific Target.

Accordingly, we are not persuaded that the Board misapprehended or overlooked the entire claim limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant."

IV. ORDER

Accordingly, it is hereby

ORDERED that Patent Owner's Request for Rehearing is *denied*.

[2] We note that although Patent Owner finds the Board's construction erroneous and provides an example to illustrate its argument, Patent Owner does not provide a construction of this limitation, and is unable to offer the Board an example to illustrate its construction.

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

_____

MASTERCARD INTERNATIONAL INCORPORATED
Petitioner

v.

D'AGOSTINO, JOHN
Patent Owner

_____

Case IPR2014-00543
Patent 8,036,988

_____

PATENT OWNER'S NOTICE OF APPEAL

NOTICE OF APPEAL

Notice is hereby given, pursuant to 37 C.R.F. § 90.2(a), that Patent Owner John D'Agostino hereby appeals to the United States Court of Appeals for the Federal Circuit from the Final Written Decision entered on August 31, 2015 (Paper 28), the Decision Denying Patent Owner's Request for Rehearing entered on November 10, 2015 (Paper 30), and from all orders, decisions, rulings, and opinions underlying the Final Written Decision.

For the limited purpose of providing the Director with information requested in 37 C.F.R. § 90.2(a)(3)(ii), Patent Owner anticipates that the issues on appeal may include the following, as well as any underlying findings, determinations, rulings, decisions, opinions, claim interpretations, or other related issues:

- Whether the Board erred in finding that claims 1-10, 15-25, 27-33, and 35-38 are unpatentable under 35 U.S.C. § 102(b) as anticipated by U.S. Patent No. 6,442,462 ("Cohen"); and
- Whether the Board erred in finding that claims 11-14, 26, and 34 are unpatentable under 35 U.S.C. § 103(a) as obvious over Cohen in view of U.S. Patent No. 5,826,243 ("Musmanno").

Copies of this Notice of Appeal are being filed simultaneously with the Director of the United States Patent and Trademark Office, the Patent Trial and

Appeal Board, the Clerk's Office for the United States Court of Appeals for the Federal Circuit, and served on the Petitioner.

Respectfully Submitted,

Dated: January 8, 2016

By: /s/ *Stephen Lewellyn*

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CERTIFICATE OF FILING

I hereby certify that, in addition to being filed electronically through the Patent Trial and Appeal Board's Patent Review Processing System (PRPS), the original version of the foregoing Patent Owner's Notice of Appeal was filed by Express Mail (Express Mail Label No. EK 625286985 US) on this 8th day of January 2016, with the Director of the United States Patent and Trademark Office, at the following address:

Director of the United States Patent and Trademark Office
c/o Office of the General Counsel
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, Virginia 22313-1450

CERTIFICATE OF FILING

I hereby certify that a true and correct copy of the foregoing Patent Owner's Notice of Appeal was filed with the Clerk's Office of the United States Court of Appeals for the Federal through the federal courts' Case Management and Electronic Case Files (CM/EFC) system on 8th day of January 2016.

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing Patent Owner's Notice of Appeal was served by agreed-upon E-mail on the following counsel of record for the Petitioner:

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
PATENT TRIAL & APPEAL BOARD

In re Patent of:	John D'Agostino
U.S. Patent No.:	7,840,486
Issue Date:	November 23, 2010
Application No.:	11/252,009
Filing Date:	October 17, 2005
Title:	System and Method for Performing Secure Credit Card Transactions

DECLARATION OF DR. JACK D. GRIMES, Ph.D.

25, 27-33, & 35-38 is invalid as anticipated by Cohen. I support and agree with the claim charts set forth in the Petition.

(37) I have read and I understand Cohen. Cohen teaches a secure method for engaging in credit card transactions, which limits the transactions to selected vendors. (Cohen at C2:32-43). Cohen discloses a credit card holder contacting their credit card company, verifying their identity, and then receiving a transaction code number to be used for a limited number of transactions. (Cohen at C3:41-48). The credit card holder can determine and customize the use of the transaction code number. (Cohen at C3:49-52). After the credit card holder has received the transaction code number, they can use the number with a merchant as a substitute for a regular credit card number, and the merchant can validate the transaction code number with the credit card company. (Cohen at C5:35-39). The credit card company can validate the transaction code number, or deny the transaction if the number is used for anything other than the pre-determined use indicated by the credit card holder. (Cohen at C5:44-49).

(38) Cohen discloses a transaction code number that is limited in use to transactions with one or more merchants: "A customized credit card could be issued to the user which is only valid for use for that particular type of charge (computer hardware or software stores)…The card could even [be] customized for use in a particular store itself or a particular chain of stores (such as a particular

restaurant, or a particular chain of restaurants)." (Cohen at C8:25-35). "The card could be valid only for purchase … in a certain store, or group of stores or types of stores (e.g. clothing stores)." (Cohen at C8:43-46). A limitation to a particular "group", "type", or "chain" of stores is a limitation to one or more merchants.

(39) Cohen discloses a "*payment category…limiting…purchases to a single merchant*." Cohen discloses a transaction code number that is limited in use to a one-time transaction with one merchant: "The card could even [be] customized for use in a particular store itself..." (Cohen at C8:25-34). "[I]n one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis, after which they are disposed of, or thrown away. The numbers can be used…to effect a single transaction." (Cohen at C2:35-43). A credit card number that is customized for a one-time use, to execute a single transaction, is by definition limited to purchases with a single merchant. Accordingly, the system disclosed in Cohen inherently includes the step to limit the transaction code to one merchant.

(40) Cohen discloses: "*said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant*". Cohen discloses that the transaction code could be limited to a single transaction: "in one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis" and subsequently "[a]fter a one

MasterCard, Exh. 1008, p. 21

Appx7096 Patent Owner, Ex. 2011, p.513

account identification data: "[A] user dials into her credit card company…and after providing the ordinary credit card number and verification data…." (Cohen at 3:42-45). *The '884 Provisional discloses "a user dials into her credit card company...and after providing the ordinary credit card number and verification data..." '884 Provisional at 6.*
c) defining a payment category including at least limiting purchases to a single merchant for at least one transaction,
Cohen discloses a use of various payment categories: "The card can also be customized for only particular uses or groups of uses." (Cohen at 7:66-67). Cohen discloses a payment category limiting transactions to a single merchant (e.g., purchases at a single merchant up to a total purchase limit, or within a certain time period): "The card could even [be] customized for use in a particular store itself... Any of the features in the present application can also be combined —thus, the employee could be given a card for use in any computer store which is good for a total purchase of up to, for example, $2000 in value." (Cohen at 8:25-39). "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in a certain store..." (Cohen at 8:43-45). "[I]n one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis, after which they are disposed of, or thrown away. The numbers can be used…to effect a single transaction." (Cohen at 2:35-43) (emphasis added). *The '884 Provisional discloses "The card can also be customized for only particular uses or groups of uses."; "The card could even [be] customized for use in a particular store itself... Any of the features in the present application can also be combined —thus, the employee could be given a card for use in any computer store which is good for a total purchase of up to, for example, $2000 in value."; "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in a certain store..."; "[I]n one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis, after which they are disposed of, or thrown away. The numbers can be used…to effect a single transaction." '884 Provisional at 14-15, and 3-4.*
said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;
Cohen discloses that the transaction code is limited to a single transaction with one merchant: "in one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis" and then "[a]fter a one time use of the credit card number, the number is deactivated." (Cohen at 2:35-43). The merchant for the one-time use credit card is not identified until the credit card is

1. Introduction

This *inter partes* review of U.S. Patent Number 7,840,486 ("the '486 patent") was instituted on two grounds that challenge the validity of claims 1-30 of the '486 patent.[1] Specifically, the Board granted *inter partes* review with respect to the following grounds:

Basis	Reference(s)	Claims
§102	Cohen	1-15 and 22-30
§103	Cohen and Musmanno	16-21

Petitioner has not met its burden of proof that the challenged claims are unpatentable by a preponderance of the evidence[2] for at least the following reasons:

A. Anticipation by Cohen of claims 1-15 and 22-30.

Patent Owner submits that Cohen does not disclose defining/selecting a payment category that includes limiting transactions to a single merchant before any particular merchant is identified as the single merchant, as

[1] The Board denied all grounds based on Flitcroft (U.S. Pat. No. 6,636,833), finding that the grounds based on Flitcroft were redundant to the grounds based on Cohen. Decision at 17.

[2] 35 U.S.C. § 316(e).

A customer contacts a custodial authorizing entity for authorization as an account user to receive a transaction code to make credit card purchases. *Id.* at 7:30-43. After the customer is verified as an authorized account user, details of the anticipated transaction are established to determine a payment category that includes limitations that restrict the transaction code's use. *Id*. at 7:38-41. Once details of the payment category are established, the transaction code is generated and given to customer. *Id*. The transaction code is pre-coded to be indicative of a customer's credit card or debit card account and is used to make credit card purchases. *Id*. at 3:12-17, 3:30-43. The transaction code is also pre-coded to be indicative of the payment category. *Id*. In particular embodiments, the payment category includes a limit that restricts purchases to a single merchant that is not identified before the limit to the single merchant is made. *Id*. at 8:12-16, 8:24-28. Finally, once the transaction code is generated, the customer can use the transaction code to consummate a transaction within the defined parameters of the payment category. *Id*. at 7:41-50.

E. "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant"

Thus, using the correct broadest reasonable construction of "said single merchant limitation" and "particular merchant," as discussed above, the entire limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant" means "including the limit in the payment category that limits transactions to a single merchant before any specific merchant is identified as the single merchant." Ex. 2007, at ¶ 20; Ex. 1002, at 51, 140-141; Ex. 2002, at 6.

4. All of the '486 Patent Claims Remain Patentable

A. Claims 1-15 and 22-30 of the '486 patent are not anticipated by Cohen (Ground 1).

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently, described in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631 (Fed. Cir. 1987). Further, anticipation requires that the reference disclose "not only all of the limitations claimed but also all of the limitations arranged

or combined in the same way as recited in the claim." *Net MoneyIN v. VeriSign, Inc.*, 545 F.3d 1359, 1371 (Fed. Cir. 2008).

"In relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art." MPEP § 2112(IV) (citation omitted). "The fact that a certain result or characteristic may occur or be present in the prior art is not sufficient to establish the inherency of that result or characteristic." *Id.* (citation omitted).

Following these principles, Cohen does not anticipate claims 1-15 and 22-30 because Cohen does not teach every claim limitation of each independent claim. Ex. 2007, at ¶¶ 26, 39.

(1) ***Cohen does not disclose limiting purchases to a single merchant before identifying any particular merchant as the single merchant.***

All of the independent claims 1, 24, 25, and 29 include the limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant."

Petitioner relies on Cohen's disclosure of a single-use credit card number that is deactivated after being used once to inherently teach the claim limitation. Pet. at 19, 25, 28; Ex. 1008, Grimes Dec., at ¶40.

Patent Owner, in the Preliminary Response, asserted that Cohen's disclosure of a single-use credit card does not meet the disputed claim limitation because a single-use credit card cannot be used to make multiple purchases as required by the claims. Prelim. Resp., at 20-22. Petitioner's expert, Dr. Grimes, agrees that Cohen's single-use card cannot be used to make multiple purchases, stating:

> Each of these single use cards has a unique card number that is different from the master credit card account number. That way, if the card number and accompanying info is subsequently stolen, that card number cannot be used for a second purchase. After the card is used, it may be discarded.

Ex. 1008, at ¶13. Indeed, Cohen's single use credit card does not meet the claim limitation, because the claim limitation includes making more than one purchase.

In instituting this *inter partes* review, the Board found that "[a]though Cohen discloses a single-use credit card, Cohen further discloses a credit card

that can be used at certain store for a set amount or for a set time period." Decision at 12. The Board then instituted this review on the basis of Cohen's disclosure that a credit card can be limited to a certain store (particular store), groups of stores, or types of stores as allegedly meeting the disputed claim limitation. *Id.*

As discussed above, the claim limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant" cannot properly be construed to mean "any group, category, or type of merchant is included in the payment category prior to the customer selecting a particular merchant for a transaction." Rather, under the broadest reasonable construction, this limitation means "including the limit in the payment category that limits transactions to a single merchant before any specific merchant is identified as the single merchant." Ex. 2007, at ¶¶ 15-20; Ex. 1013, at 51, 140-141; Ex. 2002, at 6.

Using the correct claim construction, the disputed claim limitation is not satisfied by Cohen's type of stores, a certain store, a group of stores, or a particular chain of stores limits.

(a) Cohen's merchant type limit does not satisfy the claim limitation "prior to any particular merchant being identified."

Cohen's type of stores limit (e.g., clothing stores) and type of charges limit (e.g., computer hardware and software stores) are merchant type limits, or, stated differently, are merchant category limits. Ex. 2007, at ¶ 27. Petitioner unequivocally agrees, stating:

> Patent Owner's arguments, however, ignore that the Director's correct finding that Cohen discloses a merchant type restriction that limits the transaction code to "computer stores" and "clothing stores" (for example) – and not simply to particular preapproved products.

Pet., at 9 (original emphasis removed).

And limiting a credit card by merchant type is the same as limiting a credit card by a Merchant Category Code (MCC). Ex. 2007, at ¶ 28; Ex. 2004, U.S. Patent No. 5,621,201, at 12:11-14. Petitioner's expert agrees, stating "MCC codes were, before the time the '486 patent application was filed, used for assigning merchant type categories." Ex. 1008, Grimes Dec. at ¶17. Thus, limiting use of a credit card to a merchant type (e.g., clothing stores or computer hardware and software stores) is the same a limiting use of a credit card by a Merchant Category Code. Ex. 2007, at ¶ 29.

With this understanding, Petitioner's own expert, Dr. Grimes, concedes that a merchant type limit (e.g., clothing stores or computer hardware and software stores) or, stated differently, an MCC limit does not satisfy the disputed claim limitation, stating:

> D'Agostino, however, then argued that identifying a merchant by the MCC code as disclosed in Langhans did not teach the "prior to any particular merchant being identified as said single merchant." *Id*. This was a clear disavowal of subject matter, and **makes clear that simply pre-identifying a merchant by an MCC code is insufficient to satisfy the element "prior to any particular merchant being identified."**

Ex. 1008, Grimes Dec. fn. 3, at 12 (emphasis added). Indeed, Cohen's merchant type limit (e.g., clothing stores or computer hardware and software stores) does not anticipate the claim limitation "prior to any particular merchant being identified." Ex. 2007, at ¶ 30.

(b) Cohen's type of stores and type of charges limits do not create a limit to a single merchant.

Limiting a credit card's use to a type of store or to a type of charge plainly does not create a limit to a single merchant. At most a type of store or a type of charge limit creates an indeterminable numerical limit on a number

of merchants, where the number is greater than one. Ex. 2007, at ¶ 31. And this cannot meet the disputed claim limitation, because the disputed claim limitation requires a payment category that limits transactions to only a one merchant. Ex. 2007, at ¶¶ 39, 40.

(c) Cohen's certain store limit cannot be made before identifying a specific merchant as the certain store.

Cohen's certain store limit cannot be created before identifying the certain store, because the nature of the limit itself requires identifying a specific store as the certain store so that the credit card company can create the limit and restrict purchases to only that identified store. Ex. 2007, at ¶ 38. One of ordinary skill in the art would understand that the meaning of "certain store" in the context of Cohen is the same as a "particular store." *Id.* Cohen describes "[t]he card could be valid only for purchase on that particular day…and even, if desired only in a certain store…." Cohen at 8:43-46. Cohen's use of "certain" denotes a specific identification so as not to refer to any other store, which carries the same ordinary and plain meaning of "particular." Ex. 2007, at ¶ 38.

Directly opposite of Cohen's certain store limit, the claims require limiting purchases to a single merchant before any particular merchant is

identified as the single merchant. Since Cohen's certain store limit requires identifying a specific store in order to create the limit to that store, the limit cannot be made before the identification, and therefore does not meet the claim limitation. For the same reasons, Cohen's particular store limit also does not meet the claim limitation. Ex. 2007, at ¶¶ 39, 41.

(d) Cohen's group of stores limit is not a limit to a single merchant and cannot be made before identifying specific stores as members of the group of stores.

Limiting use of a credit card to groups of stores does not create a limit to only one merchant. Ex. 2007, at ¶ 33. The phrase "group of stores" itself means more than one store. Further, creating a group of stores requires identifying specific stores that consist of and form the group. *Id.* In other words, a group of stores can only be created by identifying the stores that belong to the group. And in order to limit a credit card's use to a group of stores, that group must already exist otherwise it could not be identified so that the credit card company can create the limit and restrict purchases to only that identified group of stores. *Id.*, at ¶ 32**.**

Accordingly, because a group of stores limit is not a limit to only one store (one merchant) and a group of stores limit cannot be made before

identifying specific stores that consist of and form the group, limiting a credit card's use to a group of stores does not meet the disputed claim limitation. Ex. 2007, at ¶¶ 39-41.

(e) Cohen's particular chain of stores limit cannot be made before identifying a particular merchant.

Similar to Cohen's certain store (particular store) limit, Cohen's particular chain of stores limit, by nature of the limitation itself, requires identifying a specific chain of stores so that the credit card company can create the limit and restrict purchases to only that identified chain of stores. Ex. 2007, at ¶¶ 34-35. That is, the limit cannot be made without first identifying the particular chain of stores. It is known that a chain of stores consists of series of stores selling the same goods and that are owned by one ownership. *Id*.; *See* Ex. 2005, at 3. Consequently, identifying a particular chain of stores to create a limit on a credit card to that specific chain of stores is certainly an identification of a specific merchant or particular merchant, to find otherwise would be unreasonable. Ex. 2007, at ¶ 35.

For example, creating a limit to Target® stores requires identifying Target as the chain of stores so that the credit card company can create the limit and restrict purchases to only Target. Ex. 2007, at ¶ 36. Without

identifying Target as the chain of stores, the limit to Target simply could not be made. *Id*., at ¶ 37. Identifying Target to create the limit to only Target certainly is an identification of a particular merchant. *Id.* This is so because the restriction does not require the user to visit a specific brick and mortar location for the restriction to be effective. *Id.* The user could simply make an online purchase using the restricted card by visiting Target's website. But the card would be declined if the user attempts a purchase at a different chain store. *Id.* Thus it would be unreasonable to conclude that identifying a chain of stores does not include identifying a particular merchant until the transaction code is used at a particular store location.

Alternatively, if the Board were to conclude that a limit to a chain of stores could be made before identifying a particular merchant by finding that the particular merchant is identified when the card is used at a particular chain store location, such a limitation certainly would not be a limit to a single merchant because it would include all of the chain store locations. Thus, for these reasons, Cohen's particular chain of stores limit does not satisfy the disputed claim limitation. Ex. 2007, at ¶¶ 39, 41.

(f) The ex parte reexamination of the '988 patent confirmed that Cohen does not disclose limiting purchases to a single merchant before any particular merchant is identified as the single merchant.

Finally, in the *ex parte* reexamination of related U.S. Patent No. 8,036,988 ("the '988 patent"), Patent Owner argued that Cohen's particular store, type of charge (merchant limitation), and particular chain of stores limits do not meet the disputed claim limitation. Ex. 2003, Appeal Brief, at 13-17. After considering Patent Owner's arguments, the CRU examiner and two conferees agreed with Patent Owner that Cohen does not anticipate the disputed claim limitation, stating that "Cohen does not disclose a single merchant being included in a payment category prior to any particular merchant being identified." Ex. 2002, at 6.

Accordingly, since Cohen does not disclose the disputed claim limitation, Petitioner has failed to establish by a preponderance of the evidence that Cohen is an anticipatory reference. For this reason, Patent Owner respectfully requests this Board to issue a Final Written Decision that confirms that patentability of claims 1-15 and 22-30.

said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;

c) *generating a transaction code* by a processing computer of a custodial authorizing entity of said pre-established account, *said transaction code associated with* at least said pre-established account and *the limits of said selected payment category* and different from said pre-established account.

Independent claims 24 and 29 include similar limitations and need not be discussed separately. Importantly, each independent claim requires the designating or selecting step to be performed before the generating step. Ex. 2007, at ¶ 42. The specification of the '486 patent only describes generating the transaction code after both (1) identifying an account that is used to make credit card purchases to associate with the transaction code and (2) designating or selecting a payment category. Ex. 1001, at Abstract, 5:64-6:6, 6:21-34.

Admittedly, Cohen discloses that a credit card number can have its use customized, but Cohen does not disclose defining/selecting customized uses

of the credit card number before the credit number is generated. Rather, Cohen's card is customized after the credit card number is generated.

Particularly, Cohen discloses that "a user dials into her credit card company before making a transaction, and … is provided with a disposable or customized number." Decision at 13 (citing Ex. 1004, 3:42-46). Cohen also discloses that "a user can indicate in advance of purchase, on the telephone call with the credit card company, what the single use or the customized credit card number is to be used for." *Id*. (citing Ex. 1004, 3:49-52).

But these portions do not explicitly disclose the step of designating or selecting a payment category including limits on a transaction code and then, after designating or selecting the payment category, the step of generating or producing the transaction code. Ex. 2007, at ¶ 43. Rather, these portions of Cohen merely teach that a user is provided with a customized number before making a purchase. And, before making the purchase, the user can specify the limitations that restrict use of the credit card number for the purchase. *Id.* That is, these portions of Cohen do not explicitly disclose the timing between generating the customized credit card number and specifying the limits on the customized credit card number. And Petitioner has not provided documentary

evidence supporting that these portions of Cohen necessarily discloses this disputed claim limitation.

Further, and directly opposite of the disputed claim limitation, Cohen discloses specifying the limits on the customized credit card number after the number has been generated:

> In one embodiment, with respect to customization, the user receives one or more credit cards, each of which is inactive. Each card has a blank amount of credit, and no predefined use…. When the user receives the credit card, or when the user is ready to activate the credit card, the user determines…what particular uses or types of uses are desired.

Cohen, at 9:13-23. Thus, considering that the portions of Cohen found at col. 3, lines 42-53 do not explicitly disclose the timing between selecting/designating a payment category and generating a transaction code, but the portion of Cohen found at col. 9, lines 13-23 does explicitly disclose generating a credit card number and then selecting the limits on the credit card's use, one of ordinary skill in the art would understand that Cohen's disclosure does not include designating/selecting the limits before generating the credit card number. Ex. 2007, at ¶¶ 43-45.

which they appear. 37 C.F.R. § 42.100(b). Claim terms are given their ordinary and customary meaning as would be understood by one of ordinary skill in the art in the context of the entire disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). "All words in a claim must be considered in judging the patentability of that claim against the prior art." *In re Wilson*, 424 F.2d 1382, 1385 (CCPA 1970).

Argument

In its Final Written Decision, the Board "[construed] the relationship between the recited 'particular merchant' and the 'single merchant' such that the 'single merchant' includes the particular merchant as a member of the single merchant chain, without identifying the particular merchant." Paper 22 at 17. In reaching this conclusion, the Board misapprehended or overlooked the claim limitation "as said single merchant," which immediately follows the claim language "prior to any particular merchant being identified."

The Patent Owner argued that all of the claims of the '486 patent include the claim limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified ***as said single merchant.***" *See* Ex. 1001, 8:61-63; PO Resp. at 18-20 (emphasis added). The Patent Owner further argued that dropping "as said single merchant" from the claim limitation is improper. PO Resp. at 13-16, 25-26; Tr. 26:23-27:11. The

Patent Owner further argued that under the proper claim construction, a limit to a chain of stores does not satisfy the claim limitation. PO Resp. at 25-26. Specifically, a limit to a chain of stores as the single merchant cannot satisfy the claim limitation, because creating such a limit requires identification of the chain store before the limit can be created and the purchases restricted to the identified chain store, whereas the claim limitation requires that the single merchant is not identified before the limit to the single merchant is created. *Id.*

The Board rejected the Patent Owner's argument and found "a single merchant can be the chain of stores, whereas the particular merchant is a single store of that chain of stores." Paper 22 at 17 (internal quotations removed). The Board further concluded "the 'single merchant' could be Target or McDonald's chain of stores, where a 'particular merchant' could be a specific Target or McDonald's store, e.g., at a particular location or online." Paper 22 at 16. This finding is an erroneous conclusion of law and a clearly erroneous finding of fact.

First, the Board has misconstrued the claim limitation by improperly stripping "as said single merchant" from the claim limitation. This is apparent because in construing the claim limitation the Board did not account for the requirement that the "particular merchant" is the "single merchant," as required by the claim. The claim explicitly recites "**said single merchant** limitation being

included in said payment category **prior to any particular merchant being identified *as said* single merchant."**

The Board's error is most easily shown by inserting Target as the single merchant limit and Location A (a subset store of the single merchant Target chain store) as the particular merchant limit within the claim itself: said **Target** (single merchant) being included in said payment category prior to **Location A** (any particular merchant) being identified as said **Target** (single merchant). Accordingly, as seen here, when the entire claim limitation is considered, including "as said single merchant," it becomes clear that the Board's claim construction is erroneous.[1]

The Board's claim construction is incorrect because the Board's construction results in Location A being both the particular merchant as a subset of the single merchant and also the single merchant itself. This contradicts the Board because the Board is separately relying upon the chain of stores to meet the single merchant

[1] This same demonstration applies whether the chain of stores is identified as Target, McDonalds, or any other chain of stores as the single merchant. In any instance, when the entire claim is considered, the subset store that is relied upon by the Board as the particular merchant limit becomes both the particular merchant and the single merchant, which contradicts the Board's reliance upon the chain of stores to meet the single merchant limit without identifying a particular merchant.

limit and then a subset store of the chain of stores to meet the particular merchant limit. But, this contradiction does not exist when "as said single merchant" is not included in the claim – further illustrating that the Board did not consider "as said single merchant" in its analysis. Consequently, the Board's claim construction that improperly strips "as said single merchant" from the claim limitation is an erroneous conclusion of law that calls for correction. *In re Wilson*, 424 F.2d at 1382.

Finally, the Board's improper claim construction inevitably lead to the Board's incorrect finding that Cohen's chain of stores limit satisfies the claim limitation. More specifically, it is apparent that the Board acknowledges that creating a limit to a chain of stores requires identifying the chain of stores as the single merchant. Paper 22 at 15-16. But the claim requires that no particular merchant is identified as the single merchant before the limit to the single merchant is created. PO Response at 25-26. And, as further discussed above, under the proper claim construction, including the language "as said single merchant" the Board cannot meet the claim limitation by relying upon a subset store of the chain of stores to teach the particular merchant and the chain of stores to teach the single merchant, because this creates a conflict between the recited particular merchant and the recited single merchant.

I. INTRODUCTION

John D'Agostino ("Patent Owner") filed a Request for Rehearing (Paper 29; "Req. Reh'g") of our Final Decision (Paper 22, "Final Decision"), dated August 31, 2015, which held unpatentable claims 1–30 of Patent No. 7,840,486 B2 (Ex. 1001; "the '486 patent"). Generally, Patent Owner contends the Board misapprehended or overlooked the proper interpretation for the claim term "as said single merchant," as recited by claims 1–30, and, under Patent Owner's interpretation, the prior art fails to disclose this limitation. Req. Reh'g 2–6. For the reasons stated below, Patent Owner's request for rehearing is *denied*.

II. STANDARD OF REVIEW

"The burden of showing a decision should be modified lies with the party challenging the decision. The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply." 37 C.F.R. § 42.71(d).

III. DISCUSSION

In its Final Decision, the Board determined, under the broadest reasonable interpretation, the limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant" means "the merchant transactions are limited to a single merchant and are included in the payment category prior to the customer selecting a particular merchant for a transaction." Final Decision 12. The Board also determined that the "single merchant" includes the "particular merchant" without identifying the "particular merchant." *Id*. at 10–11.

Patent Owner contends that the Board misapprehended or overlooked the proper interpretation for the claim limitation "as said single merchant," which immediately follows the claim language "prior to any particular merchant being identified," and the Board dropped this limitation from the claims. Req. Reh'g 2–6. Patent Owner specifically argues that the Board improperly removed "as said single merchant" from the claim limitation because the claim requires that the "particular merchant" is the "single merchant." *Id*. at 3–5. Patent Owner contends that the Board's construction is erroneous because the Board did not account for the requirement that the "particular merchant" is the "single merchant." *Id*. Patent Owner concludes that the erroneous claim construction "inevitably lead to the Board's incorrect finding that Cohen's chain of stores limit satisfies the claim limitation." *Id*. at 5.

We are not persuaded by Patent Owner's argument. The Board could not have misapprehended or overlooked Patent Owner's argument because Patent Owner is raising this argument for the first time on rehearing. Patent Owner cites pages 13–16, 18–20, and 25–26 of the Patent Owner's Response to support their argument that this issue was raised during the proceeding. *Id*. at 2–3. However, we are unable to find this argument in the Patent Owner's Response. Patent Owner had argued the broadest reasonable construction of "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." PO Resp. 13–16. However, Patent Owner's argument is directed towards the entire limitation and is not narrowly tailored to "as said single merchant," and the proper interpretation of "as said single merchant." Patent Owner further argued the broadest reasonable construction of "said single merchant limitation," which is not the same as "as said single merchant." *Id*. at 13–16. Patent Owner additionally argued that Cohen's chain of

stores limit does not meet the claim limitation, as construed by Patent Owner. *Id*. at 18–20, 25–26. However, the argument that the Board dropped "as said single merchant" from the claim limitation, and the Board's construction results in the single store of the chain of stores as both the "single merchant" and as the "particular merchant" was not raised until this rehearing request. Accordingly, we are not persuaded that we misapprehended or overlooked Patent Owner's argument because it was not raised.

Furthermore, the Board expressly construed the limitation "said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant" to mean "the merchant transactions are limited to a single merchant and are included in the payment category prior to the customer selecting a particular merchant for a transaction" and the "single merchant" includes the "particular merchant" without identifying the "particular merchant." Final Decision 10–12. The Board determined that absent such a relationship between the recited "single merchant" and "particular merchant," the claim language would be indefinite as ambiguously limiting transactions to an unidentified, particular merchant. *Id*. at 11. The Board further determined that Cohen's disclosure limiting credit card purchases to a specific chain of stores, such as a specific chain of restaurants, meets this limitation. *Id*. at 15–17. Based on our claim construction, the chain of stores (the "single merchant") does not identify the single store (the "particular merchant"), but the single store (the "particular merchant") is still a subset of the chain of stores (the "single merchant").

Patent Owner explains that the Board's error can be illustrated most easily by example, where Target is the "single merchant" and Location A is the "particular merchant." Req. Reh'g 4–5. Patent Owner argues that in this

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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MASTERCARD INTERNATIONAL INCORPORATED
Petitioner

v.

D'AGOSTINO, JOHN
Patent Owner

_____

Case IPR2014-00544
Patent 7,840,486

_____

PATENT OWNER'S NOTICE OF APPEAL

NOTICE OF APPEAL

Notice is hereby given, pursuant to 37 C.R.F. § 90.2(a), that Patent Owner John D'Agostino hereby appeals to the United States Court of Appeals for the Federal Circuit from the Final Written Decision entered on August 31, 2015 (Paper 22), the Decision Denying Patent Owner's Request for Rehearing entered on November 10, 2015 (Paper 24), and from all orders, decisions, rulings, and opinions underlying the Final Written Decision.

For the limited purpose of providing the Director with information requested in 37 C.F.R. § 90.2(a)(3)(ii), Patent Owner anticipates that the issues on appeal may include the following, as well as any underlying findings, determinations, rulings, decisions, opinions, claim interpretations, or other related issues:

- Whether the Board erred in finding that claims 1-15 and 22-30 are unpatentable under 35 U.S.C. § 102(b) as anticipated by U.S. Patent No. 6,442,462 ("Cohen"); and
- Whether the Board erred in finding that claims16-21 are unpatentable under 35 U.S.C. § 103(a) as obvious over Cohen in view of U.S. Patent No. 5,826,243 ("Musmanno").

Copies of this Notice of Appeal are being filed simultaneously with the Director of the United States Patent and Trademark Office, the Patent Trial and

Appeal Board, the Clerk's Office for the United States Court of Appeals for the Federal Circuit, and served on the Petitioner.

Respectfully Submitted,

Dated: January 8, 2016

By: /s/ *Stephen Lewellyn*

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CERTIFICATE OF FILING

I hereby certify that, in addition to being filed electronically through the Patent Trial and Appeal Board's Patent Review Processing System (PRPS), the original version of the foregoing Patent Owner's Notice of Appeal was filed by Express Mail (Express Mail Label No. EK 625286985 US) on this 8th day of January 2016, with the Director of the United States Patent and Trademark Office, at the following address:

Director of the United States Patent and Trademark Office
c/o Office of the General Counsel
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, Virginia 22313-1450

CERTIFICATE OF FILING

I hereby certify that a true and correct copy of the foregoing Patent Owner's Notice of Appeal was filed with the Clerk's Office of the United States Court of Appeals for the Federal through the federal courts' Case Management and Electronic Case Files (CM/EFC) system on 8th day of January 2016.

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing Patent Owner's Notice of Appeal was served by agreed-upon E-mail on the following counsel of record for the Petitioner:

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASTERCARD INTERNATIONAL INCORPORATED
Petitioner

v.

JOHN D'AGOSTINO
Patent Owner

Patent No. 8,036,988
Application No. 12/902,399
Filed: October 23, 2010
Issued: October 11, 2011
Title: System and Method for Performing Secure Credit Card Transactions

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PETITION FOR COVERED BUSINESS METHOD PATENT REVIEW UNDER 35 U.S.C. § 321, 37 C.F.R. § 42.304

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PETITIONER'S LIST OF EXHIBITS

Exhibit 1001 – U.S. Patent No. 8,036,988

Exhibit 1002 – File History for U.S. Patent No. 8,036,988

Exhibit 1003 – File History for U.S. Reexamination No. 90/012,517

Exhibit 1004 – U.S. Patent No. 6,422,462 ("Cohen")

Exhibit 1005 – U.S. Patent No. 6,636,833 ("Flitcroft")

Exhibit 1006 – U.S. Patent No. 5,826,243 ("Musmanno")

Exhibit 1007 – Complaint in D'Agostino v. MasterCard, Inc. et al. (13-cv-0738)

Exhibit 1008 – Declaration of Jack D. Grimes, Ph.D.

Exhibit 1009 – Excerpts from Random House Webster's Unabridged Dictionary, Second Edition

Exhibit 1010 – U.S. Patent No. 6,064,987 ("Walker")

Exhibit 1011 – U.S. Patent No. 5,283,829 ("Anderson")

Exhibit 1012 – ISO 8583 Financial Transaction Card Originated Messages – Interchange Message Specifications (1992) ("ISO 8583")

Pursuant to 35 U.S.C. § 321 and 37 C.F.R. § 42.304, MasterCard International Incorporated ("Petitioner" and real party in interest), hereby petitions for review under the transitional program for covered business method patents of claims 1-38 (all claims) of U.S. Pat. No. 8,036,988 ("the '988 Patent"), issued to John D'Agostino ("D'Agostino"). An Ex Parte Reexamination of the '988 Patent was filed on September 12, 2012, and is currently pending under Control No. 90/012,517. Petitioner hereby asserts it is more likely than not that at least one of the challenged claims is unpatentable and respectfully requests review of, and judgment against, Claims 1-38 as unpatentable under §§ 102, 103, and/or 112.

I. INTRODUCTION

The '988 Patent attempts to claim the use of a transaction code – in lieu of a credit card number – for making secure transactions that are limited to a specific merchant or group of merchants. This was a practice that was common in the credit card industry before the priority date of the '988 Patent. During prosecution, the '988 Patent issued only after the Applicant attempted to distinguish the claims over the prior art on the basis of the following limitation:

> defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants

However, this limitation does not in fact distinguish the claims of the '988 patent from the prior art. The prior art already disclosed the use of credit card transactions that were limited to a particular type of merchant (such as clothing stores). As the Director of the Central Reexamination Unit stated in a decision granting the Petition for Ex Parte Reexamination of the '988 Patent: "the payment category would limit the number of merchants – to, for example, only clothing stores. At the same time, limiting to 'clothing stores' does not identify any one particular merchant." *See* Exh. 1003, '988 Patent Reexamination History, 6/7/13 CRU Decision at 5. In other words, the Applicant had claimed nothing more than a feature that was inherently disclosed in the prior art.

Accordingly, at least for the same reasons adopted by the Director of the Central Reexamination Unit and explained in detail below, the prior art invalidates the '988 Patent.

II. PETITIONER HAS STANDING

A. The '988 Patent is a Covered Business Method Patent

The '988 Patent is a "covered business method patent" under § 18(d)(1) of the Leahy-Smith America Invents Act, Pub. L. 112-29 ("AIA") and § 42.301. More specifically, the term "covered business method patent" means "a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial

product or service, except that the term does not include patents for technological inventions." *See* AIA § 18(d)(1); 37 C.F.R. § 42.301(a); *see also* 77 Fed. Reg. 48733, 48735 (Aug. 14, 2012). The legislative history explains that the definition of covered business method patent was drafted to encompass patents "claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity." *See* 77 Fed. Reg. 48735 (Aug. 14, 2012).

Here, the '988 Patent claims a method for data processing and other operations used in the practice, administration, and management of a financial product and service, and more particularly to a method for performing secure credit card purchases. The claimed method involves the creation and use of a transaction code wherein a customer does not need to reveal their credit card number to a merchant in order to make a purchase. Thus, the '988 Patent claims an activity that is entirely financial in nature, and involves the operations of a financial product and service, consequently qualifying it as a "covered business method patent."

Moreover, the '988 patent is not directed to a "technological invention." A "technological invention" claims "subject matter as a whole [that] recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution." § 42.301(b).[1] This is not the case

[1] *See, e.g.*, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012) ("Mere recitation of known technologies, such as computer hardware, communication or computer

here. The '988 Patent's claims are directed to performing ordinary credit card transactions using conventional security techniques, i.e., the use of a transaction code. *See* Exh. 1001 at Abstract. The claimed method does not contain any novel and unobvious technological feature: it merely claims the creation of a transaction code and the communication of the transaction code to the account holder and merchant to facilitate the secure credit card transaction. *See* Exh. 1001 at 4:8-29. In fact, this basic use of a transaction code to facilitate secure credit card transactions was well-known in the industry before the filing date of the '988 Patent, *see, e.g.,* U.S. Patent No. 6,422,462 to Cohen; U.S. Patent No. 6,636,833 to Flitcroft et al. The claims of the '988 Patent recite no particular hardware, arrangement of hardware, or software to implement the system. *See* CBM2012-00001, Decision Instituting CBM Review, Paper No. 36, at 27 (January 9, 2013) (holding that the claims were not directed to a technological invention because "no specific, unconventional software, computer equipment, tools or processing capabilities are required" by the claims). In addition, the subject matter as a whole

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networks, software, memory, computer-readable storage medium, . . . display devices or databases, or . . . an ATM or point of sale device," or reciting "use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious" will "not typically render a patent a technological invention.").

solves no "technical problem," and instead is directed to a method of carrying out a financial transaction.

In addition, the '988 Patent is classified into Class 705. As the legislative history of the AIA reveals, this classification raises a presumption that the '988 Patent is a covered business method patent. 157 Cong. Rec. S1368, S1379 (daily ed. March 8, 2011)(Statement of Sen. Kyl). Finally, as noted below, the '988 Patent has been asserted against MasterCard's inControl offering, which is a financial service. *See* Exh. 1007, Complaint at ¶ 19-22. This alone should suffice to make the patent eligible for covered business method review. 157 Cong. Rec. S1364, S1365 (daily ed. March 8, 2011)(daily ed. Statement of Sen. Schumer)("if a patent holder alleges that a financial product or service infringes its patent, that patent shall be deemed to cover a financial product or service"); *see also* 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011).

Accordingly, the '988 Patent qualifies for covered business method review.

B. Petitioner is a Real Party in Interest Sued for Infringement

The '988 Patent was asserted against Petitioner in Case No. 1:13-cv-00738, *John D'Agostino v. MasterCard, Inc. et al*, pending in the U.S. District Court for the District of Delaware. *See* Exh. 1007, Complaint.

C. Related Matters

In addition to the above referenced Case No. 1:13-cv-00738, pending in the

U.S. District Court for the District of Delaware, there is a pending reexamination for the '988 Patent in Reexamination No. 90/0123,517, filed September 12, 2012, in the United States Patent and Trademark Office. *See* Exh. 1003 – File History for Reexamination No. 90/012,517. Petitioner is also filing, concurrent with this Petition, an additional Petition seeking review of the related U.S. Patent No. 7,840,486, to which the '988 Patent claims priority as a continuation.

III. OVERVIEW OF SPECIFIC GROUNDS FOR WHICH IT IS MORE LIKELY THAN NOT THAT THE CHALLENGED CLAIMS (1-38) OF THE '988 PATENT ARE UNPATENTABLE

Pursuant to § 42.208 (and § 42.300), Petitioner asserts that every one of the challenged claims 1-38 of the '988 Patent is unpatentable as invalid under §§ 102, 103 and/or 112. The accompanying Exhibit List lists all prior art references relied upon in the Petition for the asserted grounds of invalidity under §§ 102, 103 and/or 112. Petitioner specifically requests cancellation of the challenged claims on the following statutory grounds:

- **GROUND 1.** Claims 1-10, 15-25, 27-33, & 35-38 are Unpatentable under 35 USC § 102 as Anticipated by Cohen
- **GROUND 2.** Claims 11-14, 26, & 34 are Unpatentable under 35 USC § 103 as Obvious over Cohen in view of Musmanno
- **GROUND 3.** Claims 1-10, 15-25, 27-33, & 35-38 are Unpatentable under 35 USC § 102 as Anticipated by Flitcroft

– **GROUND 4.** Claims 11-14, 26, & 34 are Unpatentable under 35 USC § 103 as Obvious over Flitcroft in view of Musmanno

– **GROUND 5.** Claims 1-20, 22, & 31-38 are Unpatentable under 35 USC § 112

Section V lists each ground upon which it is more likely than not that the challenged claims are unpatentable as anticipated under §§ 102, 103 and/or 112, and renders a detailed explanation therefor. Grounds 3 and 4 are being presented in the event the Board does not accept Petitioner's construction of "generating [a/said] transaction code" and adopts a broader, albeit in Petitioner's view a faulty, alternative construction, both discussed below.

IV. BACKGROUND INFORMATION FOR THE '988 PATENT

A. Overview of the '988 Patent

The '988 Patent is directed to a secure method for performing credit card purchases, wherein a customer submits a transaction code, rather than an entire credit card number to a merchant when making a purchase. Generally, the customer contacts an authorizing entity, such as a credit card company or issuing bank, and requests a transaction code. Seemingly, the transaction code can be limited to purchases within a payment category, such as within a specific period of time, within a maximum dollar limit, with a specific number of merchants, or with a specific merchant. The customer can then use the transaction code to make a purchase at a merchant or online.

B. The '988 Patent Prosecution History

The claims of the '988 Patent issued after only one non-final rejection during prosecution. The Examiner rejected the claims in the non-final office action under § 103(a) as unpatentable over U.S. Patent No. 6,000,832 ("Franklin") in view of U.S. Patent Publication No. 2001/0011249 ("Yanagihara"). *See* Exh. 1002, '988 Patent File History, 1/14/11 Office Action, at 4.

In response to the non-final office action, the Applicant argued that independent claim 1 was directed to a method of performing a secure credit card purchase and includes the step of "defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants." *See* Exh. 1002, '988 Patent File History, 3/21/11 Response to Office Action, at 13 (emphasis in original). More specifically, the Applicant argued that the claimed method "does not identify a merchant prior to the generation of the transaction code." *Id* (emphasis added). The Applicant provided similar arguments for the other pending independent claims. *Id*, at 14-15.

The Examiner allowed the pending claims noting that he found the Applicant's arguments persuasive. More specifically, the Examiner stated in the reasons for allowance the "uniquely patentable feature" of:

> defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants

See Exh. 1002, '988 Patent File History, 4/29/11 Notice of Allowance. The application subsequently issued as the '988 Patent.

C. The '988 Patent *Ex Parte* Reexamination File History

On September 12, 2012, the Petitioner filed a Request for Ex Parte Reexamination of the '988 Patent, and after an initial decision denying the request, on January 7, 2013, the Petitioner filed a Petition for Review under 37 C.F.R. § 1.181. On June 7, 2013, the Director of the Central Reexamination Unit granted the Petition for Review and granted the Request for Ex Parte Reexamination of the '988 Patent. In the decision granting the petition, the Director stated: "in Cohen one can limit the transaction only to a particular type of merchant, such as computer stores" and further noted that the "card can be limited to use at certain types of stores, such as clothing stores." *See* Exh. 1003, '988 Patent Reexamination History, 6/7/13 CRU Decision, at 5. "At the same time, limiting to 'clothing stores' does not identify any one particular merchant." *Id.* The director concluded that "[a]ccordingly, it would appear that Cohen does include 'defining a payment category to include at least limiting a number of transactions to one or

more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants' as claimed." *Id.* Furthermore, the director noted that "[t]his is the material which was deemed missing during the original prosecution." *Id*, at 5.

To further explain the reasoning for why Cohen discloses this element, the Director noted that:

> Cohen does not necessarily limit transactions to any specific merchant or particular store – if Cohen provides a limit of 'clothing stores' then there is necessarily a limit on number of stores, as not all stores are clothing stores. At the same time there is no limit or specific identification of any specific store. Cohen therefore limits a number of transactions to one or more merchants, those of a specific industry, while not identifying [any] particular merchant. Limiting by industry does not necessarily identify a particular merchant. *Id.* at 6.

In other words, the Director found that Cohen inherently discloses the exact limitation that the Applicant relied on to distinguish the claims from the prior art. In the Office Action subsequently issued in the Ex Parte Reexamination, the Examiner agreed with the Director, rejecting all the claims of the '988 Patent. *See* Exh. 1003, '988 Patent Reexamination History, 9/11/13 Office Action, at 4-5, 13-14, and 18-19.

V. DETAILED EXPLANATION OF REASONS FOR RELIEF

SHOWING IT IS MORE LIKELY THAN NOT THAT THE CHALLENGED CLAIMS ARE UNPATENTABLE

Pursuant to §§ 42.22 and 42.304(b), a full statement of the reasons for the relief requested, with a detailed explanation of the evidence, including material facts, and the governing law, rules and precedent is provided below.

A. The Challenged Claims are Invalid under §§ 102, 103 and/or 112

The following discussion details, in Sections V.A.2-V.A.6, each ground for which it is more likely than not that each challenged claim is invalid based on the prior art identified above as either anticipated under § 102, obvious under § 103, or indefinite under § 112 (or a combination, where applicable). Section V.A.1 lists and explains the bases for Petitioner's relevant claim constructions for the challenged claims.

1. Claim Construction

Pursuant to § 42.300(b), and solely for purposes of this review, Petitioner construes the claim language such that claim terms are given their broadest reasonable interpretation. For terms not specifically listed and construed below, and in the absence, to date, of detailed arguments from D'Agostino indicating a need for construction or a disagreement regarding the meaning of the vast majority of terms, Petitioner interprets them for purposes of this review in accordance with their plain and ordinary meaning under the required broadest reasonable interpretation. Because this standard is different from the standard used in U.S.

District Court litigation, *see In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364, 1369 (Fed. Cir. 2004); *see also* MPEP § 2111, Petitioner expressly reserves the right to argue in litigation a different claim construction for any term in the '988 Patent as appropriate to that proceeding.

- **"generating [a/said] transaction code":** For review purposes, this term means "creating a code usable as a substitute for a credit card number in a purchase transaction, the number pre-coded to be indicative of a specific credit card account." (Exh. 1001, '988 Patent at Abstract; 3:48-53; 6:24-43; 7:1-6; *see* Exh. 1008, Grimes Dec. at ¶ 20).[2]

- **"defining at least one payment category":** For review purposes, this term means "specifying the type of limitation (or limitations) that are available to be applied to a transaction code in order to limit its use." (Exh. 1001, '988 Patent at 3:5-8; 3:53-4:7; 4:25-29; 7:7-13; 7:61-8:48; *see* Exh. 1008, Grimes Dec. at ¶ 21).

[2] In the event the Board does not accept Petitioner's construction of "generating [a/said] transaction code," but concludes instead that this term means "creating a code usable as a substitute for a credit card number in a purchase transaction" (without the clause "the number pre-coded to be indicative of a specific credit card account") ("Alternative Construction") then Petitioner presents Grounds 3 and 4 below.

- **"particular merchant**": For review purposes, this term means "a specific merchant with whom a customer can engage in the purchase transaction." (Exh. 1001, '988 Patent at 4:5-7; 4:13-18; 4:49-54; *see* Exh. 1008, Grimes Dec. at ¶ 22).

- "**verifying that said defined purchase parameters are within said designated payment category**": For review purposes, this term means "ascertaining that any limitation associated with the designated payment category is satisfied." (Exh. 1001, '988 Patent at 4:13-18; 7:13-29; *see* Exh. 1008, Grimes Dec. at ¶ 23).

- "[**limiting/limits] … to one or more merchants**": This term is indefinite under 35 U.S.C. § 112. *See* Section V.A.6. Alternatively, however, to the extent construction is possible, and for review and argument purposes, Petitioner's best understanding is that this term may mean "limiting … to a number of merchants, from one merchant up to any plurality of merchants." (Exh. 1001, '988 Patent at 8:18-24; *see* Exh. 1008, Grimes Dec. at ¶ 24).

- "**a number of transactions**": This term is indefinite under 35 U.S.C. § 112. *See* Section V.A.6. Alternatively, however, to the extent construction is possible, and for review and argument purposes, Petitioner's best understanding is that this term may mean "any number of transactions, including zero transactions, one transaction, or any plurality of transactions." (Exh. 1001, '988 Patent at 8:27-

34; *see* Exh. 1008, Grimes Dec. at ¶ 25).

2. Ground 1: Claims 1-10, 15-25, 27-33, & 35-38 are Anticipated Under 35 U.S.C. § 102 by Cohen

(i) Overview of Cohen

U.S. Patent No. 6,422,462 to Cohen (Exh. 1004, "Cohen") claims priority to U.S. Provisional Application No. 60/079,884[3], which was filed on March 30, 1998. Accordingly, Cohen is prior art under at least 35 U.S.C. § 102(e), and thus Petitioner contends satisfies AIA § 18(a)(1)(C).[4] Cohen teaches customized, limited use card numbers for use in purchase transactions over a credit card network. Cohen at 2:32-43.

Cohen discloses an account holder contacting their credit card company, verifying their identity, and then being provided with a transaction code number to be used for a single or limited range of transactions. *Id.* at 3:41-48; 13:8-14. The

[3] U.S. Provisional Application No. 60/079,884 supports the subject matter relied upon in Cohen in compliance with 35 U.S.C. 112, first paragraph.

[4] This Board has previously instituted a Covered Business Method Patent Review on the basis of prior art under 35 U.S.C. § 102(e). *See* CBM 2013-00008, Decision Instituting CBM Review, Paper No. 20, at 20-21, 35 (June 24, 2013) (holding that the CBM petition was granted on the basis of prior art that included U.S. Pat. No. 5,940,812 to Tengel, a 102(e) prior art reference).

account holder can indicate in advance the limitations applicable to the transaction code number. *Id.* at 3:49-52. Once the account holder has received the number, they can communicate the number to a merchant like it was a regular credit card number, which the merchant can use to obtain authorization for the purchase transaction with the credit card company. *Id.* at 5:35-39. The credit card company can authorize the use of the customized number, or deny it if it is used for anything other than the single or customized use indicated by the account holder. *Id.* at 5:44-49.

Examples of the customized uses for which a disposable or customized number can be indicated may include a time limit, *Id.* at 6:7, specific merchant or industry, *Id.* at 8:2-14, a specific merchant or merchants, *Id.* at 8:33-34, purchase amount, *Id.* at 8:44, etc. These various customized uses can also be used in combination, such as a customized number to be used on specific dates, for specific amounts, etc. and those limits are recorded by the credit card company and associated with the customized number for verification when payment transactions occurs, *Id.* at 10:24-35.

(ii) Independent Claim 1

Claim	Cohen
1. A method of performing secure credit card purchases, said method comprising:	Cohen discloses "provid[ing] improved credit cards and methods for credit card transactions ... provid[ing] methods and apparatus for secure transmission of credit card information." (Cohen at 1:48-62) (emphasis added).

a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;	Cohen discloses that a user can contact the custodial authorizing entity: "a user dials into her credit card company..." (Cohen at 3:42-44).
b) supplying said custodial authorizing entity with at least account identification data of said customer's account;	Cohen discloses that a user can provide the custodial authorizing entity with her account identification data: "a user dials into her credit card company...and after providing the ordinary credit card number and verification data..." (Cohen at 3:42-45).
c) defining at least one payment category to include at least limiting a number of transactions to one or more merchants,	Assuming this phrase is not insolubly ambiguous, Cohen specifies various possible payment categories: "The card can also be customized for only particular uses or groups of uses." (Cohen at 7:66-67). Cohen discloses a payment category that limits a number of transactions to one or more merchants: "A customized credit card could be issued to the user which is only valid for use for that particular type of charge (computer hardware or software stores)…The card could even [be] customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants)." (Cohen at 8:25-35) (emphasis added). "The card could be valid only for purchase…in a certain store, or group of stores or types of stores (e.g. clothing stores)" (Cohen at 8:43-46) (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 32.
said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more	Assuming this phrase is not insolubly ambiguous, Cohen specifies a type of limitation where the transaction code is limited to a particular "group" or "type" of stores, rather than a particular store, before the code is used to make a purchase (i.e., before the particular merchant is identified): "The card could even [be] customized for use in…a particular chain of stores (such as…a particular chain of restaurants)." (Cohen at 8:25-35)

merchants;	(emphasis added). "The card could be valid only for purchase [to a] group of stores or types of stores (e.g. clothing stores)" (Cohen at 8:43-46) (emphasis added). Therefore, the transaction code is limited to one or more merchants before any particular merchant is identified. *See* Exh. 1008, Grimes Dec. at ¶ 33.
d) designating said payment category;	Cohen discloses a user designating the payment category by specifying the type(s) of limitation to apply: "a user can indicate in advance of purchase...what the single use or the customized credit card number is to be used for." (Cohen at 3:49-52).
e) generating a transaction code by a processing computer of said custodial authorizing entity,	Cohen discloses that the credit card company generates transaction codes: "These credit cards or credit card numbers are generated..."; "a user dials into her credit card company before making a transaction, and...is provided with a disposable or customized number." (Cohen at 2:35-36, 3:41-45). "[A] software program can be provided to customize and/or activate the card." (Cohen at 12:51-52). *See* Exh. 1008, Grimes Dec. at ¶ 42. Cohen also discloses that the transaction code may be indicative of a specific credit card account: "[T]he customized or the disposable number is the user's regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end. This embodiment allows each customized or disposable card to be easily noted by the user to be a mere extension of his or her regular number." (Cohen at 3:28-33). Alternatively, Cohen discloses that the credit card company associates the code with the user's account number during processing. (Cohen at 3:42-46).
said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment	Cohen discloses transaction codes that reflect limitations on use to purchases within various payment categories: "A customized credit card could be issued to the user which is only valid for use for that particular type of charge…such that if the employee tries to use it for anything else in excess of that authorized, the charge will be declined." (Cohen at 8:25-32) (emphasis added).

category;	*See* Exh. 1008, Grimes Dec. at ¶ 36.
f) communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters;	Cohen discloses that the user communicates the transaction code to the merchant: "the user transmits his or her credit card information to the vendor. That vendor then verifies the transaction..." (Cohen at 5:36-37).
g) verifying that said defined purchase parameters are within said designated payment category; and	Cohen discloses verifying (i.e., ascertaining) that the purchase is within the designated payment category: "[the] vendor then verifies the transaction and obtains an authorization code from the credit card company authorizing the purchase, as is currently standard practice with credit card transactions." (Cohen at 5:37-49).
h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.	Cohen discloses that the credit card company provides the authorization for the purchase to confirm that the purchase parameters are within the designated payment category: "Upon receiving the request for verification, the credit card company notes the identity of the vendor, authorizes the transaction (if the credit card number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor." (Cohen at 5:45-49). "The card can also be customized for only particular uses or groups of uses. In this manner, the main cardholder … can determine in advance what the card can or should be used for. (Cohen at 7:66-8:2).

(iii) Dependent Claim 2

Claim	Cohen
2. The method of claim 1 further comprising the step of designating at least one of said one or more merchants subsequent to generating said transaction code	Cohen discloses that the user designates the one or more merchants after the transaction code has been generated: the user "accesses one of his or her disposable credit cards" and then "the user transmits his or her credit card information to the vendor." (Cohen at 5:29-37). Accordingly, the designation occurs subsequent to generating the transaction code. *See* Exh. 1008, Grimes Dec. at ¶ 37.

(iv) Dependent Claim 3

Claim	Cohen
3. The method of claim 1 wherein said step of communicating the transaction code to a merchant to consummate said purchase within defined purchase parameters further comprises designation of said merchant as one of said one or more merchants.	Cohen discloses that the user designates the one or more merchants when the user communicates the transaction code to the merchant: "Upon use of the card, the information regarding the transaction is transmitted to the credit card company, as is known in the art." (Cohen at 13:66-14:1). "That vendor then verifies the transaction and obtains an authorization code from the credit card company authorizing the purchase, as is currently standard practice with credit card transactions." (Cohen at 5:37-40; 8:43-46).

(v) Dependent Claim 4

Claim	Cohen
4. The method of claim 1 wherein said step of generating said transaction code further comprises said customer obtaining said transaction code.	Cohen discloses that the user obtains the transaction code: "a user dials into her credit card company before making a transaction, and...is provided with a disposable or customized number" (Cohen at 3:41-45).

(vi) Dependent Claim 5

Claim	Cohen
5. The method of claim 1 further comprising generating a transaction code which reflects at least one of a plurality of said payment categories.	Cohen discloses a plurality of payment categories and transaction codes which reflect one of the plurality of possible payment categories: "The card can also be customized for only particular uses or groups of uses" (Cohen at 7:66-67). "A customized credit card could be issued to the user which is only valid for use for that particular type of charge (computer hardware or software stores)…The card could even [be] customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants)." (Cohen at 8:25-35). "The card could be valid only for purchase…in a certain store, or group of stores or types of stores (e.g. clothing stores)" (Cohen at 8:43-46).

(vii) Dependent Claim 6

Claim	Cohen

6. The method of claim 1 further comprising defining at least one payment category to include amount parameters for a cost of one or more purchases.	Cohen discloses cost amount parameters for purchases: "[T]he credit card or number could also be associated with a certain sublimit of the individual's or a corporation's credit limit" (Cohen at 5:6-8) (emphasis added). "A customized credit card could be issued to the user which is only valid...to the credit limit decided by the issuer or authorizing party at the corporation, such that if the employee tries to use it…for a charge in excess of that authorized, the charge will be declined." (Cohen at 8:25-32) (emphasis added).

(viii) Dependent Claim 7

Claim	Cohen
7. The method of claim 1 further comprising defining at least one payment category to include time parameters during which the purchase can be completed.	Cohen discloses time expiration limits for purchases: "As an additional security, each of the disposable credit cards can be given an expiration date, e.g. the end of the month or the end of the billing cycle. Thus, if the credit card is not used within the time limit, it expires" (Cohen at 6:4-7) (emphasis added). "For example, the customized card could be set to be valid for a certain limited number of dates or until a certain date.… It could also be valid for a specific predetermined amount of time." (Cohen at 7:35-62) (emphasis added).

(ix) Dependent Claim 8

Claim	Cohen
8. The method of claim 1 further comprising defining at least one payment category to include limiting said transaction code to a single transaction for a purchase within a predetermined period of time.	"In another embodiment, a user could be provided…with a set of disposable, one time only, or customized, limited use, numbers and/or cards, which are printed on the credit card statement for use during the next month or year, or which are mailed to the user." (Cohen at 3:56-62) (emphasis added).

(x) Dependent Claim 9

Claim	Cohen
9. The method of claim 1 further comprising	"In another embodiment, a user could be provided…with a set of disposable, one time only, or

defining at least one payment category to include limiting purchases to a single transaction at a maximum amount for purchase within a predetermined period of time.	customized, limited use, numbers and/or cards, which are printed on the credit card statement for use during the next month or year, or which are mailed to the user." (Cohen at 3:56-62) (emphasis added). "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in a certain store." (Cohen at 8:43-45) (emphasis added).

(xi) Dependent Claim 10

Claim	Cohen
10. The method of claim 1 further comprising defining at least one payment category to include limiting purchases to at least two purchases at a maximum total amount for items purchased within a predetermined time period.	"[T]he card could be turned on until … some specified number of transactions are conducted using the card." (Cohen at 12:3-6) "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in...groups of stores or types of stores...or types of purchases or items" (Cohen at 8:43-47) (emphasis added).

(xii) Dependent Claim 15

Claim	Cohen
15. The method of claim 1 further comprising defining at least one payment category to include limiting purchases to a limited time interval during which a purchase is permitted.	Cohen discloses various time limits for purchases: "As an additional security, each of the disposable credit cards can be given an expiration date, e.g. the end of the month or the end of the billing cycle. Thus, if the credit card is not used within the time limit, it expires" (Cohen at 6:4-7) (emphasis added). "For example, the customized card could be set to be valid for a certain limited number of dates or until a certain date.… It could also be valid for a specific predetermined amount of time." (Cohen at 7:35-62) (emphasis added).

(xiii) Dependent Claim 16

Claim	Cohen
16. The method of claim 1 further comprising communicating said	Cohen discloses that the user could call the credit card company and receive a transaction code by telephone: "a user dials into her credit card company

transaction code to the customer at the location of the merchant for use in person.	before making a transaction, and...is provided with a disposable or customized number." (Cohen at 3:41-45). The user could call the credit card company from any location, include at the location of the merchant. *See* Exh. 1008, Grimes Dec. at ¶ 38.

(xiv) Independent Claim 17

Claim	Cohen
17. A method of performing secure credit card purchases, said method comprising:	Cohen discloses "provid[ing] improved credit cards and methods for credit card transactions ... provid[ing] methods and apparatus for secure transmission of credit card information." (Cohen at 1:48-62) (emphasis added).
a) identifying a pre-established account that is used to make credit card purchases;	Cohen discloses that a user can identify the pre-established account: "[A] user dials into her credit card company…and after providing the ordinary credit card number and verification data..." (Cohen at 3:42-45).
b) selecting a predetermined payment category which limits a nature, of a series of subsequent purchases to one or more merchants,	Assuming this phrase is not insolubly ambiguous, Cohen discloses that a user can select any of multiple specified payment categories: "[A] user can indicate in advance of purchase...what the single use or the customized credit card number is to be used for." (Cohen at 3:49-52). Cohen discloses a payment category limiting transactions to one or more merchants: "A customized credit card could be issued to the user which is only valid for use for that particular type of charge (computer hardware or software stores)…The card could even [be] customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants)." (Cohen at 8:25-35) (emphasis added). "The card could be valid only for purchase…in a certain store, or group of stores or types of stores (e.g. clothing stores)" (Cohen at 8:43-46) (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 32.
said one or more merchants limitation being included in said payment	Assuming this phrase is not insolubly ambiguous, Cohen specifies a type of limitation where the transaction code is limited to a particular "group" or "type" of stores, rather than a particular store, before the code is used to

category prior to any particular merchant being identified as one of said one or more merchants;	make a purchase (i.e., before the particular merchant is identified): "The card could even [be] customized for use in…a particular chain of stores (such as…a particular chain of restaurants)." (Cohen at 8:25-35) (emphasis added). "The card could be valid only for purchase [to a] group of stores or types of stores (e.g. clothing stores)" (Cohen at 8:43-46) (emphasis added). Therefore, the transaction code is limited to one or more merchants by their "group" or "type" before any particular merchant is identified. *See* Exh. 1008, Grimes Dec. at ¶ 33.
c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account,	Cohen discloses that the credit card company generates transaction codes: "These credit cards or credit card numbers are generated..."; "[A] user dials into her credit card company before making a transaction, and...is provided with a disposable or customized number." (Cohen at 2:35-36, 3:41-45). "[A] software program can be provided to customize and/or activate the card." (Cohen at 12:51-52). *See* Exh. 1008, Grimes Dec. at ¶ 42. Cohen also discloses that the transaction code may be indicative of a specific credit card account: "[T]he customized or the disposable number is the user's regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end. This embodiment allows each customized or disposable card to be easily noted by the user to be a mere extension of his or her regular number." (Cohen at 3:28-33). Alternatively, Cohen discloses that the credit card company associates the code with the user's account number during processing. (Cohen at 3:42-46).
said transaction code associated with at least said pre-established account and the limits of said selected payment category and different from said pre-established	Cohen discloses transaction codes that reflect limitations on use to purchases within various payment categories: "A customized credit card could be issued to the user which is only valid for use for that particular type of charge…such that if the employee tries to use it for anything else in excess of that authorized, the charge will be declined." (Cohen at 8:25-32) (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 36. Cohen also discloses that the transaction code is

account;	associated with the pre-established account: "[T]he customized or the disposable number is the user's regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end. This embodiment allows each customized or disposable card to be easily noted by the user to be a mere extension of his or her regular number." (Cohen at 3:28-33). Cohen also discloses that the transaction code may be different from the user's account number. "No vendor would ever, under one embodiment of the system, receive or have access to the user's permanent credit card number." (Cohen at 4:26-28).
d) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters;	Cohen discloses that the user communicates the transaction code to the merchant: "the user transmits his or her credit card information to the vendor. That vendor then verifies the transaction..." (Cohen at 5:36-37).
e) verifying that said defined purchase parameters correspond to said selected payment category;	Cohen discloses verifying (i.e., ascertaining) that the purchase is within the designated payment category: "[the] vendor then verifies the transaction and obtains an authorization code from the credit card company authorizing the purchase, as is currently standard practice with credit card transactions." (Cohen at 5:37-49).
f) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and	Cohen discloses that the credit card company provides the authorization for the purchase: "Upon receiving the request for verification, the credit card company notes the identity of the vendor, authorizes the transaction (if the credit card number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor." (Cohen at 5:45-49). "The card can also be customized for only particular uses or groups of uses. In this manner, the main cardholder … can determine in advance what the card can or should be used for. (Cohen at 7:66-8:2).
g) associating the purchase with said	Cohen discloses associating the purchase with the pre-established account: "…the credit card can be marked, if

pre-established account.	desired, to show both that it has been processed to charge money to the person's account..." (Cohen at 4:36-38). "[U]pon use of the customized card, the funds are taken out of the user's credit card account." (Cohen at 11:9-11).

(xv) Dependent Claim 18

Claim	Cohen
18. The method of claim 17 wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as one of said one or more merchants.	Cohen discloses that the one or more merchants is identified when the merchant verifies the purchase parameters: "Upon use of the card, the information regarding the transaction is transmitted to the credit card company, as is known in the art." (Cohen at 13:66-14:1). "That vendor then verifies the transaction … Upon receiving the request for verification, the credit card company notes the identity of the vendor." (Cohen at 5:35-49). Cohen inherently discloses that the verification of the merchant information identifies the merchant as one of said one or more merchants. *See* Exh. 1008, Grimes Dec. at ¶ 39.

(xvi) Independent Claim 19

Claim	Cohen
19. A method of performing secure credit card purchases, said method comprising the steps of:	Cohen discloses "provid[ing] improved credit cards and methods for credit card transactions ... provid[ing] methods and apparatus for secure transmission of credit card information." (Cohen at 1:48-62) (emphasis added).
a) identifying a pre-established account that is used to make credit card purchases;	Cohen discloses that a user can identify the pre-established account: "[A] user dials into her credit card company…and after providing the ordinary credit card number and verification data..." (Cohen at 3:42-45).
b) selecting a pre-determined payment category which limits a nature of a	Assuming this phrase is not insolubly ambiguous, Cohen discloses that a user can select any of multiple specified payment categories: "[A] user can indicate in advance of purchase...what the single use or the customized credit card number is to be used for." (Cohen at 3:49-52).

subsequent purchase to one or more merchants,	Cohen discloses a payment category limiting transactions to one or more merchants: "A customized credit card could be issued to the user which is only valid for use for that particular type of charge (computer hardware or software stores)…The card could even [be] customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants)." (Cohen at 8:25-35) (emphasis added). "The card could be valid only for purchase…in a certain store, or group of stores or types of stores (e.g. clothing stores)" (Cohen at 8:43-46) (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 32.
said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;	Assuming this phrase is not insolubly ambiguous, Cohen specifies a type of limitation where the transaction code is limited to a particular "group" or "type" of stores, rather than a particular store, before the code is used to make a purchase (i.e., before the particular merchant is identified): "The card could even [be] customized for use in…a particular chain of stores (such as…a particular chain of restaurants)." (Cohen at 8:25-35) (emphasis added). "The card could be valid only for purchase [to a] group of stores or types of stores (e.g. clothing stores)" (Cohen at 8:43-46) (emphasis added). Therefore, the transaction code is limited to one or more merchants by their "group" or "type" before any particular merchant is identified. *See* Exh. 1008, Grimes Dec. at ¶ 33.
c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account,	Cohen discloses that the credit card company generates transaction codes: "These credit cards or credit card numbers are generated..."; "[A] user dials into her credit card company before making a transaction, and...is provided with a disposable or customized number." (Cohen at 2:35-36, 3:41-45). "[A] software program can be provided to customize and/or activate the card." (Cohen at 12:51-52). *See* Exh. 1008, Grimes Dec. at ¶ 42. Cohen also discloses that the transaction code may be indicative of a specific credit card account: "[T]he customized or the disposable number is the user's regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end.

	This embodiment allows each customized or disposable card to be easily noted by the user to be a mere extension of his or her regular number." (Cohen at 3:28-33). Alternatively, Cohen discloses that the credit card company associates the code with the user's account number during processing. (Cohen at 3:42-46).
said transaction code associated with at least said pre-established account and the limits of said selected payment category, and different from said pre-established account;	Cohen discloses transaction codes that reflect limitations on use to purchases within various payment categories: "A customized credit card could be issued to the user which is only valid for use for that particular type of charge…such that if the employee tries to use it for anything else in excess of that authorized, the charge will be declined." (Cohen at 8:25-32) (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 36. Cohen also discloses that the transaction code is associated with the pre-established account: "[T]he customized or the disposable number is the user's regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end. This embodiment allows each customized or disposable card to be easily noted by the user to be a mere extension of his or her regular number." (Cohen at 3:28-33). Cohen also discloses that the transaction code may be different from the user's account number. "No vendor would ever, under one embodiment of the system, receive or have access to the user's permanent credit card number." (Cohen at 4:26-28).
d) designating a merchant as one of said one or more merchants;	Cohen discloses that the user can designate the merchant: "…the user could...if desired, set the places or types of places where the card will be active." (Cohen at 9:27-30). Cohen also discloses designating a merchant by using the card at a merchant. "Upon use of the card, the information regarding the transaction is transmitted to the credit card company, as is known in the art." (Cohen at 13:66-14:1). "That vendor then verifies the transaction … Upon receiving the request for verification, the credit card company notes the identity of the vendor." (Cohen at 5:35-49). *See* Exh. 1008, Grimes Dec. at ¶ 40.
e) communicating	Cohen discloses that the user communicates the transaction

said transaction code to said merchant to consummate a purchase within defined purchase parameters;	code to the merchant: "the user transmits his or her credit card information to the vendor. That vendor then verifies the transaction..." (Cohen at 5:36-37).
f) verifying that said defined purchase parameters correspond to said selected payment category;	Cohen discloses verifying (i.e., ascertaining) that the purchase is within the designated payment category: "[the] vendor then verifies the transaction and obtains an authorization code from the credit card company authorizing the purchase, as is currently standard practice with credit card transactions." (Cohen at 5:37-49).
g) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and	Cohen discloses that the credit card company provides the authorization for the purchase: "Upon receiving the request for verification, the credit card company notes the identity of the vendor, authorizes the transaction (if the credit card number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor." (Cohen at 5:45-49). "The card can also be customized for only particular uses or groups of uses. In this manner, the main cardholder … can determine in advance what the card can or should be used for. (Cohen at 7:66-8:2).
h) associating the purchase with said pre-established account.	Cohen discloses associating the purchase with the pre-established account: "…the credit card can be marked, if desired, to show both that it has been processed to charge money to the person's account..." (Cohen at 4:36-38). "[U]pon use of the customized card, the funds are taken out of the user's credit card account." (Cohen at 11:9-11).

(xvii) Dependent Claim 20

Claim	Cohen
20. The method of claim 19 wherein said	Cohen discloses that the one or more merchants is identified when the merchant verifies the purchase

step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as one of said one or more merchants.	parameters: "Upon use of the card, the information regarding the transaction is transmitted to the credit card company, as is known in the art." (Cohen at 13:66-14:1). "That vendor then verifies the transaction … Upon receiving the request for verification, the credit card company notes the identity of the vendor." (Cohen at 5:35-49). Cohen inherently discloses that the verification of the merchant information identifies the merchant as one of said one or more merchants. *See* Exh. 1008, Grimes Dec. at ¶ 39.

(xviii) Independent Claim 21

Claim	Cohen
21. A method for implementing a system for performing secure credit card purchases, the method comprising:	Cohen discloses "provid[ing] improved credit cards and methods for credit card transactions ... provid[ing] methods and apparatus for secure transmission of credit card information." (Cohen at 1:48-62) (emphasis added).
a) receiving account information from an account holder identifying an account that is used to make credit card purchases;	Cohen discloses a credit card company receives account information from the user: "[A] user dials into her credit card company before making a transaction, and after providing the ordinary credit card number and verification data..." (Cohen at 3:42-45).
b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a	Cohen discloses a credit card company receives a request for a transaction code: "[A] user dials into her credit card company before making a transaction, and…is provided with a disposable or customized number" (Cohen at 3:41-45). Cohen discloses a payment category limiting transactions to a single merchant: "The card could even [be] customized for use in a particular store itself..." (Cohen at 8:25-34). "[I]n one embodiment…[t]hese credit cards or credit card

single merchant,	numbers are generated for a one time, single transaction basis, after which they are disposed of, or thrown away. The numbers can be used…to effect a single transaction." (Cohen at 2:35-43) (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 34.
said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;	Cohen discloses that the transaction code is limited to a single transaction with one merchant: "in one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis" and then "[a]fter a one time use of the credit card number, the number is deactivated." (Cohen at 2:35-43). The merchant for the one-time use credit card is not identified until the credit card is used for the single transaction. Therefore, the credit card is limited to a single transaction with one merchant before the merchant is identified at the time the credit card is used. *See* Exh. 1008, Grimes Dec. at ¶ 35.
c) generating a transaction code utilizing a processing computer of a custodial authorizing entity, said transaction code associated with said account and reflecting at least the limits of said payment category, to make a purchase within said payment category;	Cohen discloses that the credit card company generates transaction codes: "These credit cards or credit card numbers are generated..." (Cohen at 2:35-36). "[A] software program can be provided to customize and/or activate the card." (Cohen at 12:51-52). *See* Exh. 1008, Grimes Dec. at ¶ 42. Cohen discloses that the transaction code is associated with the account: "the customized or the disposable number is the user's regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end. This embodiment allows each customized or disposable card to be easily noted by the user to be a mere extension of his or her regular number." (Cohen at 3:28-33). Cohen discloses transaction codes that reflect limitations on use to purchases within various payment categories: "A customized credit card could be issued to the user which is only valid for use for that particular type of charge…such that if the employee tries to use it for anything else in excess of that authorized, the charge will be declined." (Cohen at 8:25-32) (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 36. Accordingly, the transaction code reflects the limits of the payment category: "A customized credit card could be

	issued to the user which is only valid for use for that particular type of charge" (Cohen at 8:25-27).
d) communicating said transaction code to said account holder;	Cohen discloses the credit card company communicates the transaction code to the user: "a user dials into her credit card company before making a transaction, and...is provided with a disposable or customized number..." (Cohen at 3:43-45).
e) receiving a request to authorize payment for a purchase using said transaction code;	Cohen discloses the credit card company receives a request to authorize payment: "The vendor…obtains an authorization code from the credit card company authorizing the purchase…Upon receiving the request for verification, the credit card company notes the identity of the vendor, authorizes the transaction…" (Cohen at 5:35-49).
f) authorizing payment for said purchase if said purchase is within said payment category.	Cohen discloses the credit card company authorizes payment: "[T]he credit card company notes the identity of the vendor, authorizes the transaction (if the credit card number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor." (Cohen at 5:45-49). "The card can also be customized for only particular uses or groups of uses. In this manner, the main cardholder … can determine in advance what the card can or should be used for. (Cohen at 7:66-8:2).

(xix) Independent Claim 22

Claim	Cohen
22. A method for implementing a system for performing secure credit card purchases, the method comprising:	Cohen discloses "provid[ing] improved credit cards and methods for credit card transactions ... provid[ing] methods and apparatus for secure transmission of credit card information." (Cohen at 1:48-62) (emphasis added).
a) receiving account information from	Cohen discloses a credit card company receives account information from the user: "[A] user dials into her credit card company before making a transaction, and after

an account holder identifying an account that is used to make credit card purchases;	providing the ordinary credit card number and verification data..." (Cohen at 3:42-45).
b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants,	Assuming this phrase is not insolubly ambiguous, Cohen discloses a credit card company receives a request for a transaction code: "[A] user dials into her credit card company before making a transaction, and…is provided with a disposable or customized number" (Cohen at 3:41-45). Cohen discloses a payment category limiting transactions to one or more merchants: "A customized credit card could be issued to the user which is only valid for use for that particular type of charge (computer hardware or software stores)…The card could even [be] customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants)." (Cohen at 8:25-35) (emphasis added). "The card could be valid only for purchase…in a certain store, or group of stores or types of stores (e.g. clothing stores)" (Cohen at 8:43-46) (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 32.
said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;	Assuming this phrase is not insolubly ambiguous, Cohen discloses that the transaction code could be limited to a particular "group" or "type" of stores, rather than a particular store: "The card could even [be] customized for use in…a particular chain of stores (such as…a particular chain of restaurants)." (Cohen at 8:25-35) (emphasis added). "The card could be valid only for purchase [to a] group of stores or types of stores (e.g. clothing stores)" (Cohen at 8:43-46) (emphasis added). This limitation occurs before the transaction code is used (i.e., the particular merchant is identified). Therefore, the transaction code is limited to one or more merchants by their "group" or "type" before any particular merchant is identified. *See* Exh. 1008, Grimes Dec. at ¶ 33.
c) generating a transaction code	Cohen discloses that the credit card company generates transaction codes: "These credit cards or credit card

utilizing a processing computer of a custodial authorizing entity, said transaction code associated with said account and reflecting at least the limits of said payment category, to make a purchase within said payment category;	numbers are generated..." (Cohen at 2:35-36). "[A] software program can be provided to customize and/or activate the card." (Cohen at 12:51-52). *See* Exh. 1008, Grimes Dec. at ¶ 42. Cohen discloses that the transaction code is associated with the account: "the customized or the disposable number is the user's regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end. This embodiment allows each customized or disposable card to be easily noted by the user to be a mere extension of his or her regular number." (Cohen at 3:28-33). Cohen discloses transaction codes that reflect limitations on use to purchases within various payment categories: "A customized credit card could be issued to the user which is only valid for use for that particular type of charge…such that if the employee tries to use it for anything else in excess of that authorized, the charge will be declined." (Cohen at 8:25-32) (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 36. Accordingly, the transaction code reflects the limits of payment category: "A customized credit card could be issued to the user which is only valid for use for that particular type of charge" (Cohen at 8:25-27).
d) communicating said transaction code to said account holder;	Cohen discloses the credit card company communicates the transaction code to the user: "a user dials into her credit card company before making a transaction, and...is provided with a disposable or customized number..." (Cohen at 3:43-45).
e) receiving a request to authorize payment for a purchase using said transaction code;	Cohen discloses the credit card company receives a request to authorize payment: "The vendor…obtains an authorization code from the credit card company authorizing the purchase…Upon receiving the request for verification, the credit card company notes the identity of the vendor, authorizes the transaction..." (Cohen at 5:35-49).
f) authorizing payment for said purchase if said	Cohen discloses the credit card company authorizes payment: "[T]he credit card company notes the identity of the vendor, authorizes the transaction (if the credit card

purchase is within said payment category.	number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor." (Cohen at 5:45-49). "The card can also be customized for only particular uses or groups of uses. In this manner, the main cardholder … can determine in advance what the card can or should be used for. (Cohen at 7:66-8:2).

(xx) Dependent Claim 23

Claim	Cohen
23. The method of claim 21 wherein the step of receiving account information from an account holder identifying an account that is used to make credit card purchases further comprises receiving information identifying a credit card account.	Cohen discloses that a user can provide the custodial authorizing entity with information identifying a credit card account: "a user dials into her credit card company...and after providing the ordinary credit card number and verification data..." (Cohen at 3:42-45) (emphasis added).

(xxi) Dependent Claim 24

Claim	Cohen
24. The method of claim 21 wherein the step of generating a transaction code utilizing a processing computer of a custodial authorizing entity further comprises generating a transaction code which reflects at least one of a plurality of predetermined payment categories.	Cohen discloses a plurality of payment categories: "The card can also be customized for only particular uses or groups of uses" (Cohen at 7:66-67). "A customized credit card could be issued to the user which is only valid for use for that particular type of charge (computer hardware or software stores)…The card could even [be] customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants)." (Cohen at 8:25-35). "The card could be valid only for purchase…in a certain store, or group of stores or types of stores (e.g. clothing stores)" (Cohen at 8:43-46).

(xxii) Dependent Claim 25

Claim	Cohen
25. The method of claim 21	Cohen discloses that the credit card

wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that is automatically chosen by a custodial authorizing entity.	company could automatically chose the payment category (such as a brand): "[T]he customized card could be set up such that all of one or more subtypes of use is charged onto one brand, all of another or more subtype onto a second brand etc. ...This could be by the customization of the card which only allow certain types of use of each account, and/or by codes which automatically select the appropriate brand or card account when the user attempts to use the card." (Cohen at 1:42-52).

(xxiii) Dependent Claim 27

Claim	Cohen
27. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting purchases to a minimum time interval after which a subsequent purchase is permitted.	Cohen discloses that the transaction code could be limited to predetermined times: "For example, the customized card could be set to be valid for a certain limited number of dates.…Thus, in accordance with these embodiments, the card can have a user customized range of dates or series of dates.…Likewise, the card could become valid for a series of ranges of dates, even dates which are non consecutive or non contiguous….It could also be valid for a specific predetermined amount of time." (Cohen at 7:35-62) (emphasis added). Cohen's disclosure of a card that is valid for a range of non-contiguous dates expressly discloses "limiting purchases to a minimum time interval after which a subsequent purchase is permitted" because the non-contiguous period during which the card is not valid constitutes a minimum time interval. *See* Exh. 1008, Grimes Dec. at ¶ 41.

(xxiv) Dependent Claim 28

Claim	Cohen
28. The method of claim 21 wherein the step of	Cohen discloses that the user could call the credit card company and receive a transaction

communicating said transaction code to said account holder further comprises communicating said transaction code to said account holder at the location of the merchant for use in person.	code by telephone: "a user dials into her credit card company before making a transaction, and...is provided with a disposable or customized number." (Cohen at 3:41-45). The user could call the credit card company from any location, include at the location of the merchant. *See* Exh. 1008, Grimes Dec. at ¶ 38.

(xxv) Dependent Claim 29

Claim	Cohen
29. The method of claim 21 wherein said step of receiving a request to authorize payment for a purchase using said transaction code further identifies said single merchant.	Cohen discloses that the single merchant is identified when the merchant verifies the purchase parameters: "Upon use of the card, the information regarding the transaction is transmitted to the credit card company, as is known in the art." (Cohen at 13:66-14:1). "That vendor then verifies the transaction and obtains an authorization code from the credit card company authorizing the purchase, as is currently standard practice with credit card transactions." (Cohen at 5:37-40). "Upon receiving the request for verification, the credit card company notes the identity of the vendor, authorizes the transaction (if the credit card number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor." (Cohen at 5:45-49).

(xxvi) Dependent Claim 30

Claim	Cohen
30. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a predetermined payment category that is further limited in accordance with transaction details provided by said account holder.	Cohen discloses that the user can chose what limitations are included in the payment category: "a user can indicate in advance of purchase...what the single use or the customized credit card number is to be used for." (Cohen at 3:49-52). The payment categories could be limited by, for example, time limits (Cohen at 7:35-62); cost amounts (Cohen at 5:6-8, 8:25-32); or merchant limitations (Cohen at

	8:25-35, 8:43-46).

(xxvii) Dependent Claim 31

Claim	Cohen
31. The method of claim 22 wherein the step of receiving account information from an account holder identifying an account that is used to make credit card purchases further comprises receiving information identifying a credit card account.	Cohen discloses that a user can provide the custodial authorizing entity with information identifying a credit card account: "a user dials into her credit card company...and after providing the ordinary credit card number and verification data..." (Cohen at 3:42-45) (emphasis added).

(xxviii) Dependent Claim 32

Claim	Cohen
32. The method of claim 22 wherein the step of generating a transaction code utilizing a processing computer of a custodial authorizing entity further comprises generating a transaction code which reflects at least one of a plurality of predetermined payment categories.	Cohen discloses a plurality of payment categories: "The card can also be customized for only particular uses or groups of uses" (Cohen at 7:66-67). "A customized credit card could be issued to the user which is only valid for use for that particular type of charge (computer hardware or software stores)…The card could even [be] customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants)." (Cohen at 8:25-35). "The card could be valid only for purchase…in a certain store, or group of stores or types of stores (e.g. clothing stores)" (Cohen at 8:43-46).

(xxix) Dependent Claim 33

Claim	Cohen
33. The method of claim 22 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises	Cohen discloses that the credit card company could automatically chose the payment category (such as a brand): "[T]he customized card could be set up such that all of one or more subtypes of use is charged onto one brand, all of another or more subtype onto a second

receiving a request from said account holder for a transaction code to make a purchase within a payment category that is automatically chosen by a custodial authorizing entity.	brand etc. ...This could be by the customization of the card which only allow certain types of use of each account, and/or by codes which automatically select the appropriate brand or card account when the user attempts to use the card." (Cohen at 1:42-52).

(xxx) Dependent Claim 35

Claim	Cohen
35. The method of claim 22 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting purchases to a minimum time interval after which a subsequent purchase is permitted.	Cohen discloses that the transaction code could be limited to predetermined times: "For example, the customized card could be set to be valid for a certain limited number of dates.…Thus, in accordance with these embodiments, the card can have a user customized range of dates or series of dates.…Likewise, the card could become valid for a series of ranges of dates, even dates which are non consecutive or non contiguous….It could also be valid for a specific predetermined amount of time." (Cohen at 7:35-62) (emphasis added). Cohen's disclosure of a card that is valid for a range of non-contiguous dates expressly discloses "limiting purchases to a minimum time interval after which a subsequent purchase is permitted" because the non-contiguous period during which the card is not valid constitutes a minimum time interval. *See* Exh. 1008, Grimes Dec. at ¶ 41.

(xxxi) Dependent Claim 36

Claim	Cohen
36. The method of claim 22 wherein the step of communicating said transaction code to said account holder further comprises communicating said transaction code to	Cohen discloses that the user could call the credit card company and receive a transaction code by telephone: "a user dials into her credit card company before making a transaction, and...is provided with a disposable or customized number." (Cohen at 3:41-45). The user could call the credit card company from any location, include at the

said account holder at the location of the merchant for use in person.	location of the merchant. *See* Exh. 1008, Grimes Dec. at ¶ 38.

(xxxii) Dependent Claim 37

Claim	Cohen
37. The method of claim 22 wherein said step of receiving a request to authorize payment for a purchase using said transaction code further identifies a merchant as one of said one or more merchants.	Cohen discloses that the one or more merchants is identified when the merchant verifies the purchase parameters: "Upon use of the card, the information regarding the transaction is transmitted to the credit card company, as is known in the art." (Cohen at 13:66-14:1). "That vendor then verifies the transaction and obtains an authorization code from the credit card company authorizing the purchase, as is currently standard practice with credit card transactions." (Cohen at 5:37-40). "Upon receiving the request for verification, the credit card company notes the identity of the vendor, authorizes the transaction (if the credit card number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor." (Cohen at 5:45-49).

(xxxiii) Dependent Claim 38

Claim	Cohen
38. The method of claim 22 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a predetermined payment category that is further limited in accordance with transaction details provided by said account holder.	Cohen discloses that the user can chose what limitations are included in the payment category: "a user can indicate in advance of purchase...what the single use or the customized credit card number is to be used for." (Cohen at 3:49-52). The payment categories could be limited by, for example, time limits (Cohen at 7:35-62); cost amounts (Cohen at 5:6-8, 8:25-32); or merchant limitations (Cohen at 8:25-35, 8:43-46).

3. **Ground 2: Claims 11-14, 26 & 34 are Obvious Under 35 U.S.C. § 103 by Cohen in View of Musmanno**

In assessing invalidity under Section 103, the "rationale to support a conclusion that the claim would have been obvious is that all the claimed elements were known in the prior art and one skilled in the art could have combined the elements as claimed by known methods with no change in their respective functions, and the combination yielded nothing more than predictable results to one of ordinary skill in the art." MPEP 2143, *see also KSR Intern. C. V. Teleflex Inc.*, 82 USPQ2d 1385, 1389 (2007). Such is the case here – as shown below, combining Cohen with Musmanno demonstrates that all the claimed elements were known in the prior art, and their combination yielded nothing but predictable results.

(i) Overview of Musmanno

U.S. Patent No. 5,826,243 to Musmanno et al. (Exh. 1007, "Musmanno") issued on October 20, 1994 – prior to the invention date of the '988 Patent. Accordingly, Musmanno is prior art under at least 35 U.S.C. § 102(a). Musmanno teaches a system for managing a master account and multiple vested sub-accounts to control specific recurring expenses, such as car payments and mortgage payments. Musmanno at 2:40-47; 3:5-18; 5:26-31.

(ii) Motivation to Combine Cohen and Musmanno

Both references address methods for facilitating financial transactions. Cohen's method for employing a transaction code that is limited in use to

transactions at selected vendors is a specific example of facilitating secure financial transactions. Cohen at 2:32-43. Musmanno similarly addresses a system for managing financial business transactions and fund transfers between various accounts. Musmanno at 1:5-10. More specifically, Musmanno discloses the use of repeating transactions, paid over a fixed number of payment intervals, between accounts. *Id.* at 5:26-31. Applying the repeating transaction techniques of Musmanno to the transaction code methods of Cohen with no change in their respective functions would have yielded predicable results: the use of a transaction code for repeating transactions. Thus, these references in their similar purpose of dealing with financial transactions and services, and overlapping teachings, confirm a motivation to combine Cohen and Musmanno. *See* Exh. 1008, Grimes Dec. at ¶ 58.

(iii) Dependent Claim 11

Claim	Cohen in view of Musmanno
11. The method of claim 1 further comprising defining at least one payment category to include using said transaction code for at least two purchases for a repeating transaction at a fixed amount payable at each of a fixed number of time intervals.	Cohen in view of Musmanno discloses that the transaction code could be used repeatedly for a fixed number of time intervals: "the card can have a user customized range of dates or series of dates." (Cohen at 7:44-62). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at

	¶ 61.

(iv) Dependent Claim 12

Claim	Cohen in view of Musmanno
12. The method of claim 11 further comprising defining at least one payment category to include limiting purchases to said repeating transaction at said fixed amount payable at each of said fixed number of time intervals.	Cohen in view of Musmanno discloses that the transaction code could be used repeatedly for a fixed number of time intervals: "the card can have a user customized range of dates or series of dates." (Cohen at 7:44-62). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 61.

(v) Dependent Claim 13

Claim	Cohen in view of Musmanno
13. The method of claim 1 further comprising defining at least one payment category to include using said transaction code for a repeating transaction at a fixed amount payable at each of an unspecified number of time intervals.	Cohen in view of Musmanno discloses that the transaction code could be used repeatedly for a unspecified number of time intervals: "the card could become valid for a series of ranges of dates, even dates which are non consecutive or non contiguous." (Cohen at 7:44-56). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 61.

(vi) Dependent Claim 14

Claim	Cohen in view of Musmanno

14. The method of claim 1 further comprising defining at least one payment category to include limiting a repeating transaction to a maximum dollar amount.	Cohen in view of Musmanno discloses that the transaction code could be used repeatedly to a maximum amount: "A customized credit card could be issued to the user which is only valid...to the credit limit decided by the issuer or authorizing party at the corporation, such that if the [user] tries to use it…for a charge in excess of that authorized, the charge will be declined." (Cohen at 8:25-32) (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 61.

(vii) Dependent Claim 26

Claim	Cohen in view of Musmanno
26. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting a repeating transaction to a maximum dollar amount.	Cohen in view of Musmanno discloses that the transaction code could be used repeatedly to a maximum amount: "the card could become valid for a series of ranges of dates, even dates which are non consecutive or non contiguous." "A customized credit card could be issued to the user which is only valid...to the credit limit decided by the issuer or authorizing party at the corporation, such that if the employee tries to use it…for a charge in excess of that authorized, the charge will be declined." (Cohen at 7:44-56; 8:25-32) (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 61.

(viii) Dependent Claim 34

Claim	Cohen in view of Musmanno
34. The method of claim 22 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting a repeating transaction to a maximum dollar amount.	Cohen in view of Musmanno discloses that the transaction code could be used repeatedly to a maximum amount: "the card could become valid for a series of ranges of dates, even dates which are non consecutive or non contiguous." "A customized credit card could be issued to the user which is only valid...to the credit limit decided by the issuer or authorizing party at the corporation, such that if the employee tries to use it…for a charge in excess of that authorized, the charge will be declined." (Cohen at 7:44-56; 8:25-32) (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 61.

4. Ground 3: Claims 1-10, 15-25, 27-33, & 35-38 are Anticipated Under 35 U.S.C. § 102 by Flitcroft

In the event the Board does not accept Petitioner's construction of "generating [a/said] transaction code," and chooses instead the Alternative Construction (*see supra* n.2), Flitcroft then squarely anticipates the cited claims, as demonstrated below.

(i) Overview of Flitcroft

U.S. Patent No. 6,636,833 to Flitcroft et al. (Exh. 1005, "Flitcroft") claims priority to: (1) U.S. Provisional Application No. 60/099,614, which was filed on September 9, 1998; (2) U.S. Provisional Application No. 60/098,175, which was

filed on August 26, 1998; and (3) U.S. Provisional Application No. 60/092,500, which was filed on July 13, 1998.[5] Accordingly, Flitcroft is prior art under at least 35 U.S.C. § 102(e), and thus Petitioner contends satisfies AIA § 18(a)(1)(C).[6] Flitcroft teaches a method for secure credit card transactions that is limited in use to transactions at selected vendors. Flitcroft at 1:11-13; 6:53-60.

Flitcroft discloses that the customer contacts an authorizing entity and requests a transaction code that can be used for making secure credit card transactions. *Id.* at 14:12-13. The transaction code could be limited to purchases within a payment category, which includes one or more merchants. *Id.* at 6:53-56. Alternatively, the transaction code could be limited to purchases within a payment category that includes a single merchant. *Id.* at Abstract. The customer can then use the transaction code to make a purchase, and the purchase will be authorized if it is within the limits of the payment category. *Id.* at 5:5-19.

(ii) Independent Claim 1

Claim	Flitcroft
1. A method of performing secure	"This invention relates to a credit card system and method, and more particularly, to a credit card system and method

[5] U.S. Provisional Application Nos. 60/099,614, 60/098,175, and 60/092,500 support the subject matter relied upon in Flitcroft in compliance with 35 U.S.C. 112, first paragraph.

[6] *See supra* n.4.

credit card purchases, said method comprising:	offering reduced potential of credit card number misuse." Flitcroft at 1:11-13 (emphasis added).
a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;	Flitcroft discloses that a user can contact the custodial authorizing entity: "When a customer needs single use cards, the CPU can issue the additional credit card numbers to the customer." Flitcroft at 14:12-13 and Fig. 3. "[I]t is determined whether a customer requests or an event triggers a request for additional limited-use cards or card numbers." Flitcroft at 11:15-17 and Fig. 2.
b) supplying said custodial authorizing entity with at least account identification data of said customer's account;	Flitcroft discloses that a user can identify his account data to the custodial authorizing entity: "[A] master account number would have been preferably assigned to the customer at a previous point in time. The conditions database 122 may comprise a mechanism for associating the master credit card number with the limited-use credit card number." Flitcroft at 11:6-10 and Fig. 2.
c) defining at least one payment category to include at least limiting a number of transactions to one or more merchants,	Assuming this phrase is not insolubly ambiguous, Flitcroft discloses the use of various payment categories, including a credit card for single use and/or multiple use: "A credit card system is provided which has the added feature of providing additional limited-use credit card numbers and/or cards. These numbers and/or cards can be used for a single transaction..." Flitcroft at Abstract. "The term 'limited-use' credit card number is used to encompass at least both the embodiment in which the credit card is designated for a single use, and the embodiment in which the credit card is designated for multiple uses…" Flitcroft at 6:53-56. *See* Exh. 1008, Grimes Dec. at ¶ 46.
said one or more merchants limitation being included in said payment category	Assuming this phrase is not insolubly ambiguous, Flitcroft discloses that the card could be limited to a particular "category" of stores, rather than a particular store: "valid single use numbers are stored in a database of valid account numbers along with other information specific to

prior to any particular merchant being identified as one of said one or more merchants;	single use numbers. This includes…any additional limitations placed upon the card in terms of transaction value or category of merchant for which the card can be used." Flitcroft at 23:67-24:6 (emphasis added). This categorical limitation occurs before the particular merchant is identified (i.e., the transaction code is used). "When the limited-use number is limited to a specific merchant, the merchant can be…determined by first use." Flitcroft at 16:57-59 (emphasis added). "[W]herein use of the limited-use credit card number is valid for transactions with a specific merchant as determined by a first use." Flitcroft at 28:23-25 (emphasis added). Therefore, the card is limited to one or more merchants by their "category" before any particular merchant is identified. *See* Exh. 1008, Grimes Dec. at ¶ 47.
d) designating said payment category;	Flitcroft discloses that the user can designate in advance the payment category: "Each limited-use credit card number can be stored with a field which identifies its master account, and various conditions regarding its use." Flitcroft at 10:16-18. "[T]he central processing unit 120 has access to a central database 122, referred to as a 'conditions' database. This database is a general purpose database which stores information regarding customers' accounts, such as information regarding various conditions which apply to each customers' account." Flitcroft at 10:3-8.
e) generating a transaction code by a processing computer of said custodial authorizing entity,	Flitcroft discloses that the credit card company generates a "transaction code" in the event that this phrase is construed in accordance with Petitioner's Alternative Construction: "a central processing unit (CPU) generates a database of credit card numbers"; "a credit card technique involving: …assigning at least one credit card number from the pool of credit card numbers to be a limited-use credit card number..." Flitcroft at 13:66-14:2; Fig. 3 at 302; 4:60-66. Flitcroft also discloses that the transaction code is indicative of a specific credit card account: "a credit card technique involving:…associating the master credit card number with the limited-use credit card number, while ensuring that the master credit card number cannot be

	discovered on the basis of the limited-use credit card number." Flitcroft at 4:60-5:4.
said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category;	Flitcroft discloses transaction codes that reflect limitations on use to purchases within various payment categories: "a first exemplary embodiment, which pertains to a credit card technique involving: …assigning at least one credit card number from the pool of credit card numbers to be a limited-use credit card number which is deactivated upon a use-triggered condition subsequent." Flitcroft at 4:60-5:1 (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 50.
f) communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters;	Flitcroft discloses both "[a]utomated or manual means for transfer of credit card information to the merchant." Flitcroft at 19:22-23. "[A] software system receives transaction details from a merchant." Flitcroft at 25:1-3; Figs. 7 and 8.
g) verifying that said defined purchase parameters are within said designated payment category; and	Flitcroft discloses verifying (i.e., ascertaining) that the purchase is within the designated payment category: "The technique further comprises: …determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent." Flitcroft at 5:5-12. "Processing systems for handling limited use cards perform a number of functions including…Verify that the transaction falls within limitations placed on the specific number." Flitcroft 23:12-17 (emphasis added).
h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said	Flitcroft discloses that the credit card company provides the authorization for the purchase to confirm that the purchase parameters are within the designated payment category: "The technique further comprises:…determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command

designated payment category and to authorize payment required to complete the purchase.	which is generated upon a use-triggered condition subsequent." Flitcroft at 5:5-14. "[T]he determining step determines whether to deactivate the limited-use credit card number based on whether a limited-use event pertaining to the use of the limited-use credit card number has occurred." Flitcroft at 5:43-46.

(iii) Dependent Claim 2

Claim	Flitcroft
2. The method of claim 1 further comprising the step of designating at least one of said one or more merchants subsequent to generating said transaction code	Flitcroft discloses that the user designates the one or more merchants after the transaction code has been generated: "The step of processing the transaction includes:…determin[ing] whether to deactivate the limited-use credit card number based on whether a limited-use event pertaining to the use of the limited-use credit card number has occurred." Flitcroft at 5:38-43. Accordingly, the designation occurs subsequent to generating the transaction code. *See* Exh. 1008, Grimes Dec. at ¶ 51.

(iv) Dependent Claim 3

Claim	Flitcroft
3. The method of claim 1 wherein said step of communicating the transaction code to a merchant to consummate said purchase within defined purchase parameters further comprises designation of said merchant as one of said one or more merchants.	Flitcroft discloses that the user designates the one or more merchants when the user communicates the transaction code to the merchant: "The step of processing the transaction includes:…determining whether to deactivate the limited-use credit card number when the limited-use credit card number was used to perform the transaction…the determining step determines whether to deactivate the limited-use credit card number based on whether a limited-use event pertaining to the use of the limited-use credit card number has occurred." Flitcroft at 5:38-46.

(v) Dependent Claim 4

Claim	Flitcroft
4. The method	Flitcroft discloses that the user obtains the transaction code:

of claim 1 wherein said step of generating said transaction code further comprises said customer obtaining said transaction code.	"[T]he master credit card holder would be provided with either a plurality of single use additional credit card numbers or multiple use credit card numbers or single and multiple use credits cards." Flitcroft at 8:36-39. "[T]he central processing station includes the capability of transmitting the limited-use credit card numbers to customers." Flitcroft at 10:25-27 (emphasis added). "It is envisaged that there are various methods by which a credit card provider could issue the additional credit card numbers and/or credit cards to the user." Flitcroft at 17:16-18 (emphasis added).

(vi) Dependent Claim 5

Claim	Flitcroft
5. The method of claim 1 further comprising generating a transaction code which reflects at least one of a plurality of said payment categories.	Flitcroft discloses a plurality of payment categories and transaction codes which reflect one of the plurality of possible payment categories: "It will be appreciated that the limits that can be placed on the use of a single use credit number or a multiple use credit card number are almost limitless and those having skill in the art will consider other ways in which the use of the credit card number could be limited, whether it be by time, by amount, by geographical region, or by purpose or use (such as limited to Internet trade and so on), or by some combination of these separate criterion." Flitcroft at 8:2-10 (emphasis added). "The use-triggered condition subsequent limitations placed on limited use card numbers, i.e., transaction value limitations, number of transactions limits etc., are central to their additional flexibility and security compared to conventional credit/debit/charge cards." Flitcroft at 16:6-10.

(vii) Dependent Claim 6

Claim	Flitcroft
6. The method of claim 1 further comprising defining at least one payment category to	Flitcroft discloses cost amount parameters for purchases: "The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges which are greater than a prescribed monetary amount…individual transaction amount and total amount." Flitcroft at 5:5-19

include amount parameters for a cost of one or more purchases.	(emphasis added). "The term 'limited-use' credit card number is used to encompass at least both…a single use, and…multiple uses providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as total charges…" Flitcroft at 6:53-56 (emphasis added).

(viii) Dependent Claim 7

Claim	Flitcroft
7. The method of claim 1 further comprising defining at least one payment category to include time parameters during which the purchase can be completed.	Flitcroft discloses time expiration limits for purchases: "The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges…which are greater than a prescribed frequency of use, and/or a combination of use frequency..." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least both…a single use, and…multiple uses providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges over a limited time period…." Flitcroft at 6:53-56 (emphasis added).

(ix) Dependent Claim 8

Claim	Flitcroft
8. The method of claim 1 further comprising defining at least one payment category to include limiting said transaction code to a single transaction for a purchase within a predetermined period of time.	"The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In one embodiment, the limited-use event is satisfied when the limited-use credit card is used only once. In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges…which are greater than a prescribed frequency of use, and/or a combination of use frequency..." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least…a single use…providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges over a limited time period, total charge in a single transaction, etc." Flitcroft at

	6:53-56 (emphasis added).

(x) Dependent Claim 9

Claim	Flitcroft
9. The method of claim 1 further comprising defining at least one payment category to include limiting purchases to a single transaction at a maximum amount for purchase within a predetermined period of time.	"The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In one embodiment, the limited-use event is satisfied when the limited-use credit card is used only once. In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges which are greater than a prescribed monetary amount, which are greater than a prescribed frequency of use, and/or a combination of use frequency, individual transaction amount and total amount." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least…a single use…providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges over a limited time period, total charge in a single transaction, etc." Flitcroft at 6:53-56 (emphasis added).

(xi) Dependent Claim 10

Claim	Flitcroft
10. The method of claim 1 further comprising defining at least one payment category to include limiting purchases to at least two purchases at a maximum total amount for items purchased within a predetermined time period.	"The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges which are greater than a prescribed monetary amount, which are greater than a prescribed frequency of use, and/or a combination of use frequency, individual transaction amount and total amount." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least…multiple uses providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges over a limited time period..." Flitcroft at 6:53-56 (emphasis added).

(xii) Dependent Claim 15

Claim	Flitcroft
15. The method of claim 1 further comprising defining at least one payment category to include limiting purchases to a limited time interval during which a purchase is permitted.	Flitcroft discloses various time limits for purchases: "The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges…which are greater than a prescribed frequency of use, and/or a combination of use frequency..." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least both…a single use, and…multiple uses providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges over a limited time period…." Flitcroft at 6:53-56 (emphasis added).

(xiii) Dependent Claim 16

Claim	Flitcroft
16. The method of claim 1 further comprising communicating said transaction code to the customer at the location of the merchant for use in person.	Flitcroft discloses that the user could contact the custodial authorizing entity and receive a transaction code in response: "When a customer needs single use cards, the CPU can issue the additional credit card numbers to the customer." Flitcroft at 14:12-13. The user could contact the credit card company from any location, include at the location of the merchant. *See* Exh. 1008, Grimes Dec. at ¶ 52.

(xiv) Independent Claim 17

Claim	Flitcroft
17. A method of performing secure credit card purchases, said method comprising:	"This invention relates to a credit card system and method, and more particularly, to a credit card system and method offering reduced potential of credit card number misuse." Flitcroft at 1:11-13 (emphasis added).
a) identifying a pre-established account that is used to make credit card purchases;	Flitcroft discloses that a user can identify the pre-established account: "[A] master account number would have been preferably assigned to the customer at a previous point in time. The conditions database 122 may

	comprise a mechanism for associating the master credit card number with the limited-use credit card number." Flitcroft at 11:6-10 and Fig. 2.
b) selecting a predetermined payment category which limits a nature, of a series of subsequent purchases to one or more merchants,	Assuming this phrase is not insolubly ambiguous, Flitcroft discloses that a user can select the payment category in advance: "[E]ach limited-use credit card number can be stored with a field which identifies its master account, and various conditions regarding its use." Flitcroft at 10:16-18. Flitcroft discloses the use of various payment categories, including a credit card for single use and/or multiple use: "A credit card system is provided which has the added feature of providing additional limited-use credit card numbers and/or cards. These numbers and/or cards can be used for a single transaction..." Flitcroft at Abstract. "The term 'limited-use' credit card number is used to encompass at least both the embodiment in which the credit card is designated for a single use, and the embodiment in which the credit card is designated for multiple uses…" Flitcroft at 6:53-56. *See* Exh. 1008, Grimes Dec. at ¶ 46.
said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;	Assuming this phrase is not insolubly ambiguous, Flitcroft discloses that the card could be limited to a particular "category" of stores, rather than a particular store: "valid single use numbers are stored in a database of valid account numbers along with other information specific to single use numbers. This includes…any additional limitations placed upon the card in terms of transaction value or <u>category of merchant</u> for which the card can be used." Flitcroft at 23:67-24:6 (emphasis added). This categorical limitation occurs before the particular merchant is identified (i.e., the transaction code is used). "When the limited-use number is limited to a specific merchant, <u>the merchant can be</u>…<u>determined by first use</u>." Flitcroft at 16:57-59 (emphasis added). "[W]herein use of the limited-use credit card number is <u>valid for transactions with a specific merchant as determined by a first use</u>." Flitcroft at 28:23-25

	(emphasis added). Therefore, the card is limited to one or more merchants by their "category" before any particular merchant is identified. *See* Exh. 1008, Grimes Dec. at ¶ 47.
c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account,	Flitcroft discloses that the credit card company generates a "transaction code" in the event that this phrase is construed in accordance with Petitioner's Alternative Construction: "a central processing unit (CPU) generates a database of credit card numbers"; "a credit card technique involving: …assigning at least one credit card number from the pool of credit card numbers to be a limited-use credit card number..." Flitcroft at 13:66-14:2; Fig. 3 at 302; 4:60-66. Flitcroft also discloses that the transaction code is indicative of a specific credit card account: "a credit card technique involving:…associating the master credit card number with the limited-use credit card number, while ensuring that the master credit card number cannot be discovered on the basis of the limited-use credit card number." Flitcroft at 4:60-5:4.
said transaction code associated with at least said pre-established account and the limits of said selected payment category and different from said pre-established account;	Flitcroft discloses that the transaction code is associated with and different from the pre-established account: "a first exemplary embodiment, which pertains to a credit card technique involving:…<u>associating the master credit card number with the limited-use credit card number</u>, while ensuring that the master credit card number cannot be discovered on the basis of the limited-use credit card number." Flitcroft at 4:60-5:4 (emphasis added). "In another embodiment,…the limited-use credit card number includes identical formatting to the master credit card number and is associated with the master credit card number." Flitcroft at 5:26-34.
d) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters;	Flitcroft discloses both "[a]utomated or manual means for transfer of credit card information to the merchant." Flitcroft at 19:22-23. "[A] software system receives transaction details from a merchant." Flitcroft at 25:1-3; Figs. 7 and 8.

e) verifying that said defined purchase parameters correspond to said selected payment category;	Flitcroft discloses verifying (i.e., ascertaining) that the purchase is within the designated payment category: "The technique further comprises: …determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent." Flitcroft at 5:5-12. "Processing systems for handling limited use cards perform a number of functions including…Verify that the transaction falls within limitations placed on the specific number." Flitcroft at 23:12-17 (emphasis added).
f) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and	Flitcroft discloses that the credit card company provides the authorization for the purchase: "The technique further comprises:…determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent." Flitcroft at 5:5-14. "[T]he determining step determines whether to deactivate the limited-use credit card number based on whether a limited-use event pertaining to the use of the limited-use credit card number has occurred." Flitcroft at 5:43-46.
g) associating the purchase with said pre-established account.	"Once the master account number is substituted for the limited use number … The transaction details and master account number are then transmitted for inclusion within a database to allow for tracking of transaction details and billing of the user." Flitcroft at 25:21-31.

(xv) Dependent Claim 18

Claim	Flitcroft
18. The method of claim 17 wherein said step of verifying that said defined purchase	Flitcroft discloses that the one or more merchants is identified when the merchant verifies the purchase parameters: "Processing systems for handling limited use cards perform a number of functions including …

parameters correspond to said selected payment category further identifies said merchant as one of said one or more merchants.	Provide authorization to the merchant if valid and within the limitations for specified number and associated account." Flitcroft 23:12-23. Flitcroft inherently discloses that the verification of the merchant information identifies the merchant as one of said one or more merchants. *See* Exh. 1008, Grimes Dec. at ¶ 53.

(xvi) Independent Claim 19

Claim	Flitcroft
19. A method of performing secure credit card purchases, said method comprising the steps of:	"This invention relates to a credit card system and method, and more particularly, to a credit card system and method offering reduced potential of credit card number misuse." Flitcroft at 1:11-13 (emphasis added).
a) identifying a pre-established account that is used to make credit card purchases;	Flitcroft discloses that a user can identify the pre-established account: "[A] master account number would have been preferably assigned to the customer at a previous point in time. The conditions database 122 may comprise a mechanism for associating the master credit card number with the limited-use credit card number." Flitcroft at 11:6-10 and Fig. 2.
b) selecting a pre-determined payment category which limits a nature of a subsequent purchase to one or more merchants,	Assuming this phrase is not insolubly ambiguous, Flitcroft discloses that a user can select the payment category in advance: "[E]ach limited-use credit card number can be stored with a field which identifies its master account, and various conditions regarding its use." Flitcroft at 10:16-18. Flitcroft discloses the use of various payment categories, including a credit card for single use and/or multiple use: "A credit card system is provided which has the added feature of providing additional limited-use credit card numbers and/or cards. These numbers and/or cards can be used for a single transaction..." Flitcroft at Abstract. "The term 'limited-use' credit card number is used to encompass at least both the embodiment in which the credit card is designated for a single use, and the

	embodiment in which the credit card is designated for multiple uses…" Flitcroft at 6:53-56. *See* Exh. 1008, Grimes Dec. at ¶ 46.
said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;	Assuming this phrase is not insolubly ambiguous, Flitcroft discloses that the card could be limited to a particular "category" of stores, rather than a particular store: "valid single use numbers are stored in a database of valid account numbers along with other information specific to single use numbers. This includes…any additional limitations placed upon the card in terms of transaction value or category of merchant for which the card can be used." Flitcroft at 23:67-24:6 (emphasis added). This categorical limitation occurs before the particular merchant is identified (i.e., the transaction code is used). "When the limited-use number is limited to a specific merchant, the merchant can be…determined by first use." Flitcroft at 16:57-59 (emphasis added). "[W]herein use of the limited-use credit card number is valid for transactions with a specific merchant as determined by a first use." Flitcroft at 28:23-25 (emphasis added). Therefore, the card is limited to one or more merchants by their "category" before any particular merchant is identified. *See* Exh. 1008, Grimes Dec. at ¶ 47.
c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account,	Flitcroft discloses that the credit card company generates a "transaction code" in the event that this phrase is construed in accordance with Petitioner's Alternative Construction: "a central processing unit (CPU) generates a database of credit card numbers"; "a credit card technique involving: …assigning at least one credit card number from the pool of credit card numbers to be a limited-use credit card number..." Flitcroft at 13:66-14:2; Fig. 3 at 302; 4:60-66. Flitcroft also discloses that the transaction code is indicative of a specific credit card account: "a credit card technique involving:…associating the master credit card number with the limited-use credit card number, while ensuring that the master credit card number

	cannot be discovered on the basis of the limited-use credit card number." Flitcroft at 4:60-5:4.
said transaction code associated with at least said pre-established account and the limits of said selected payment category, and different from said pre-established account;	Flitcroft discloses that the transaction code is associated with and different from the pre-established account: "a first exemplary embodiment, which pertains to a credit card technique involving:…associating the master credit card number with the limited-use credit card number, while ensuring that the master credit card number cannot be discovered on the basis of the limited-use credit card number." Flitcroft at 4:60-5:4 (emphasis added). "In another embodiment,…the limited-use credit card number includes identical formatting to the master credit card number and is associated with the master credit card number." Flitcroft at 5:26-34.
d) designating a merchant as one of said one or more merchants;	Flitcroft discloses designating a merchant by using the card at a merchant: "single use credit cards could then be used … for 'card present' trade where each card would be 'swiped' in the normal manner." Flitcroft at 8:14-18. *See* Exh. 1008, Grimes Dec. at ¶ 54.
e) communicating said transaction code to said merchant to consummate a purchase within defined purchase parameters;	Flitcroft discloses both "[a]utomated or manual means for transfer of credit card information to the merchant." Flitcroft at 19:22-23. "[A] software system receives transaction details from a merchant." Flitcroft at 25:1-3; Figs. 7 and 8.
f) verifying that said defined purchase parameters correspond to said selected payment category;	Flitcroft discloses verifying (i.e., ascertaining) that the purchase is within the designated payment category: "The technique further comprises: …determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent." Flitcroft at 5:5-12. "Processing systems for handling limited use cards perform a number of functions including…Verify that the transaction falls within limitations placed on the

	specific number." Flitcroft at 23:12-17 (emphasis added).
g) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and	Flitcroft discloses that the credit card company provides the authorization for the purchase: "The technique further comprises:…determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent." Flitcroft at 5:5-14. "[T]he determining step determines whether to deactivate the limited-use credit card number based on whether a limited-use event pertaining to the use of the limited-use credit card number has occurred." Flitcroft at 5:43-46.
h) associating the purchase with said pre-established account.	"Once the master account number is substituted for the limited use number … The transaction details and master account number are then transmitted for inclusion within a database to allow for tracking of transaction details and billing of the user." Flitcroft at 25:21-31.

(xvii) Dependent Claim 20

Claim	Flitcroft
20. The method of claim 19 wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as one of said one or more merchants.	Flitcroft discloses that the one or more merchants is identified when the merchant verifies the purchase parameters: "Processing systems for handling limited use cards perform a number of functions including … Provide authorization to the merchant if valid and within the limitations for specified number and associated account." Flitcroft 23:12-23. Flitcroft inherently discloses that the verification of the merchant information identifies the merchant as one of said one or more merchants. *See* Exh. 1008, Grimes Dec. at ¶ 53.

(xviii) Independent Claim 21

Claim	Flitcroft
21. A method for implementing a system for performing secure credit card purchases, the method comprising:	"This invention relates to a credit card system and method, and more particularly, to a credit card system and method offering reduced potential of credit card number misuse." Flitcroft at 1:11-13 (emphasis added).
a) receiving account information from an account holder identifying an account that is used to make credit card purchases;	Flitcroft discloses a credit card company receives account identifying information from the user: "[A] master account number would have been preferably assigned to the customer at a previous point in time. The conditions database 122 may comprise a mechanism for associating the master credit card number with the limited-use credit card number." Flitcroft at 11:6-10 and Fig. 2.
b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant,	Flitcroft discloses a credit card company receives a request for a transaction code: "When a customer needs single use cards, the CPU can issue the additional credit card numbers to the customer." Flitcroft at 14:12-13 and Fig. 3. Flitcroft discloses a payment category limiting transactions to a single merchant: "This plan provides security against fraud because it is locked to a single merchant." Flitcroft at 16:53-54 (emphasis added). "A credit card system is provided which has the added feature of providing additional limited-use credit card numbers and/or cards [that] can be used for a single transaction." Flitcroft at Abstract (emphasis added). "The term 'limited-use' credit card number is used to encompass…the embodiment in which the credit card is designated for a single use." Flitcroft at 6:53-56 (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 48.
said single merchant limitation being included in said payment category prior to any particular merchant being identified as said	Flitcroft discloses that the card could be limited to a single merchant, but no particular merchant is identified as the single merchant until the card is used for the first time: "When the limited-use number is limited to a specific merchant, the merchant can be…determined by first use." Flitcroft at 16:57-59 (emphasis added). "[W]herein use of the limited-use credit card number is

single merchant;	valid for transactions with a specific merchant as determined by a first use." Flitcroft at 28:23-25 (emphasis added). Therefore, the card is limited to a single merchant before any particular merchant is identified. *See* Exh. 1008, Grimes Dec. at ¶ 49.
c) generating a transaction code utilizing a processing computer of a custodial authorizing entity, said transaction code associated with said account and reflecting at least the limits of said payment category, to make a purchase within said payment category;	Flitcroft discloses that the credit card company generates a "transaction code" in the event that this phrase is construed in accordance with Petitioner's Alternative Construction: "a central processing unit (CPU) generates a database of credit card numbers"; "a credit card technique involving: …assigning at least one credit card number from the pool of credit card numbers to be a limited-use credit card number..." Flitcroft at 13:66-14:2; Fig. 3 at 302; 4:60-66. Flitcroft also discloses that the transaction code is indicative of a specific credit card account: "a credit card technique involving:…associating the master credit card number with the limited-use credit card number, while ensuring that the master credit card number cannot be discovered on the basis of the limited-use credit card number." Flitcroft at 4:60-5:4. Flitcroft discloses transaction codes that reflect limitations on use to purchases within various payment categories: "a credit card technique involving: …assigning at least one credit card number from the pool of credit card numbers to be a limited-use credit card number which is deactivated upon a use-triggered condition subsequent." Flitcroft at 4:60-5:1 (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 50.
d) communicating said transaction code to said account holder;	Flitcroft discloses the credit card company communicates the transaction code to the user: "the master credit card holder would be provided with either a plurality of single use additional credit card numbers or multiple use credit card numbers or single and multiple use credits cards." Flitcroft at 8:36-39. "[T]he central processing station includes the capability of transmitting the limited-use credit card numbers to customers." Flitcroft at 10:25-27.

	"It is envisaged that there are various methods by which a credit card provider could issue the additional credit card numbers and/or credit cards to the user." Flitcroft at 17:16-18.
e) receiving a request to authorize payment for a purchase using said transaction code;	Flitcroft discloses the credit card company receives a request to authorize payment: "The technique further comprises: receiving notification that the limited-use credit card number has been used in a credit card transaction; determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command…" Flitcroft at 5:5-12.
f) authorizing payment for said purchase if said purchase is within said payment category.	Flitcroft discloses the credit card company authorizes payment: "The technique further comprises:…determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent." Flitcroft at 5:5-14. "[T]he determining step determines whether to deactivate the limited-use credit card number based on whether a limited-use event pertaining to the use of the limited-use credit card number has occurred." Flitcroft at 5:43-46.

(xix) Independent Claim 22

Claim	Flitcroft
22. A method for implementing a system for performing secure credit card purchases, the method comprising:	"This invention relates to a credit card system and method, and more particularly, to a credit card system and method offering reduced potential of credit card number misuse." Flitcroft at 1:11-13 (emphasis added).
a) receiving account information from an account holder identifying an account	Flitcroft discloses a credit card company receives account identifying information from the user: "[A] master account number would have been preferably assigned to the customer at a previous point in time. The

that is used to make credit card purchases;	conditions database 122 may comprise a mechanism for associating the master credit card number with the limited-use credit card number." Flitcroft at 11:6-10 and Fig. 2.
b) receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants,	Assuming this phrase is not insolubly ambiguous, Flitcroft discloses a credit card company receives a request for a transaction code: "When a customer needs single use cards, the CPU can issue the additional credit card numbers to the customer." Flitcroft at 14:12-13 and Fig. 3. Flitcroft discloses a payment category limiting transactions to one or more merchants: "A credit card system is provided which has the added feature of providing additional limited-use credit card numbers and/or cards. These numbers and/or cards can be used for a single transaction..." Flitcroft at Abstract. "The term 'limited-use' credit card number is used to encompass at least both the embodiment in which the credit card is designated for a single use, and the embodiment in which the credit card is designated for multiple uses…" Flitcroft at 6:53-56. *See* Exh. 1008, Grimes Dec. at ¶ 46.
said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;	Assuming this phrase is not insolubly ambiguous, Flitcroft discloses that the card could be limited to a particular "category" of stores, rather than a particular store: "valid single use numbers are stored in a database of valid account numbers along with other information specific to single use numbers. This includes…any additional limitations placed upon the card in terms of transaction value or <u>category of merchant</u> for which the card can be used." Flitcroft at 23:67-24:6 (emphasis added). This limitation occurs before the transaction code is used (i.e., the particular merchant is identified). Therefore, the card is limited to one or more merchants by their "category" before any particular merchant is identified. *See* Exh. 1008, Grimes Dec. at ¶ 47.
c) generating a transaction code utilizing a processing	Flitcroft discloses that the credit card company generates a "transaction code" in the event that this phrase is construed in accordance with Petitioner's

computer of a custodial authorizing entity, said transaction code associated with said account and reflecting at least the limits of said payment category, to make a purchase within said payment category;	Alternative Construction: "a central processing unit (CPU) generates a database of credit card numbers"; "a first exemplary embodiment, which pertains to a credit card technique involving: …assigning at least one credit card number from the pool of credit card numbers to be a limited-use credit card number..." Flitcroft at 13:66-14:2; Fig. 3 at 302; 4:60-66. Flitcroft also discloses that the transaction code is indicative of a specific credit card account: "a credit card technique involving:…associating the master credit card number with the limited-use credit card number, while ensuring that the master credit card number cannot be discovered on the basis of the limited-use credit card number." Flitcroft at 4:60-5:4. Flitcroft discloses transaction codes that reflect limitations on use to purchases within various payment categories: "a credit card technique involving: …assigning at least one credit card number from the pool of credit card numbers to be a limited-use credit card number which is deactivated upon a use-triggered condition subsequent." Flitcroft at 4:60-5:1 (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 50.
d) communicating said transaction code to said account holder;	Flitcroft discloses the credit card company communicates the transaction code to the user: "the master credit card holder would be provided with either a plurality of single use additional credit card numbers or multiple use credit card numbers or single and multiple use credits cards." Flitcroft at 8:36-39. "[T]he central processing station includes the capability of transmitting the limited-use credit card numbers to customers." Flitcroft at 10:25-27. "It is envisaged that there are various methods by which a credit card provider could issue the additional credit card numbers and/or credit cards to the user." Flitcroft at 17:16-18.
e) receiving a request to authorize payment for a purchase using said transaction code;	Flitcroft discloses the credit card company receives a request to authorize payment: "The technique further comprises: receiving notification that the limited-use credit card number has been used in a credit card

	transaction; determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command…" Flitcroft at 5:5-12.
f) authorizing payment for said purchase if said purchase is within said payment category.	Flitcroft discloses the credit card company authorizes payment: "The technique further comprises:…determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent." Flitcroft at 5:5-14. "[T]he determining step determines whether to deactivate the limited-use credit card number based on whether a limited-use event pertaining to the use of the limited-use credit card number has occurred." Flitcroft at 5:43-46.

(xx) Dependent Claim 23

Claim	Flitcroft
23. The method of claim 21 wherein the step of receiving account information from an account holder identifying an account that is used to make credit card purchases further comprises receiving information identifying a credit card account.	Flitcroft discloses that a user can provide the custodial authorizing entity with information in advance identifying a credit card account: "a master account number would have been preferably assigned to the customer at a previous point in time. The conditions database 122 may comprise a mechanism for associating the master credit card number with the limited-use credit card number." Flitcroft at 11:6-10.

(xxi) Dependent Claim 24

Claim	Flitcroft
24. The method of claim 21 wherein the step of generating a transaction code utilizing a processing	Flitcroft discloses a plurality of payment categories: "It will be appreciated that the limits that can be placed on the use of a single use credit number or a multiple use credit card number are almost limitless and those having skill in the art will consider other ways in which the use

computer of a custodial authorizing entity further comprises generating a transaction code which reflects at least one of a plurality of predetermined payment categories.	of the credit card number could be limited, whether it be by time, by amount, by geographical region, or by purpose or use (such as limited to Internet trade and so on), or by some combination of these separate criterion." Flitcroft at 8:2-10. "The use-triggered condition subsequent limitations placed on limited use card numbers, i.e., transaction value limitations, number of transactions limits etc., are central to their additional flexibility and security compared to conventional credit/debit/charge cards." Flitcroft at 16:6-10.

(xxii) Dependent Claim 25

Claim	Flitcroft
25. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that is automatically chosen by a custodial authorizing entity.	Flitcroft discloses that the credit card company could automatically chose the payment category based on the requests of the card holder: "The use-triggered condition subsequent limitations placed on limited use card numbers…are central to their additional flexibility and security compared to conventional credit/debit/charge cards. …These limitations can be assigned by the issuer in a predetermined manner or can be imposed according to the requests of the card holder." Flitcroft 16:6-22 (emphasis added).

(xxiii) Dependent Claim 27

Claim	Flitcroft
27. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a	Flitcroft discloses that the transaction code could be limited to predetermined times: "It will be appreciated that the limits that can be placed on the use of a single use credit number or a multiple use credit card number are almost limitless and those having skill in the art will consider other ways in which the use of the credit card number could be

request from said account holder for a transaction code to make a purchase within a payment category that includes limiting purchases to a minimum time interval after which a subsequent purchase is permitted.	limited, whether it be by time..." Flitcroft at 8:2-10 (emphasis added). Flitcroft's disclosure of a card with time limits expressly discloses "limiting purchases to a minimum time interval after which a subsequent purchase is permitted" because the time limit during which the card is not valid constitutes a minimum time interval. *See* Exh. 1008, Grimes Dec. at ¶ 55.

(xxiv) Dependent Claim 28

Claim	Flitcroft
28. The method of claim 21 wherein the step of communicating said transaction code to said account holder further comprises communicating said transaction code to said account holder at the location of the merchant for use in person.	Flitcroft discloses that the user could contact the custodial authorizing entity and receive a transaction code in response: "When a customer needs single use cards, the CPU can issue the additional credit card numbers to the customer." Flitcroft at 14:12-13. The user could contact the credit card company from any location, include at the location of the merchant. *See* Exh. 1008, Grimes Dec. at ¶ 52.

(xxv) Dependent Claim 29

Claim	Flitcroft
29. The method of claim 21 wherein said step of receiving a request to authorize payment for a purchase using said transaction code further identifies said single merchant.	Flitcroft discloses that the single merchant is identified when the merchant verifies the purchase parameters: "The step of processing the transaction includes:…determining whether to deactivate the limited-use credit card number when the limited-use credit card number was used to perform the transaction…the determining step determines whether to deactivate the limited-use credit card number based on whether a limited-use event pertaining to the use of the limited-use credit card number has occurred." Flitcroft at 5:38-46.

(xxvi) Dependent Claim 30

Claim	Flitcroft

30. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a predetermined payment category that is further limited in accordance with transaction details provided by said account holder.	Flitcroft discloses that the user can chose what limitations are included in the payment category: "[E]ach limited-use credit card number can be stored with a field which identifies its master account, and various conditions regarding its use." Flitcroft at 10:16-18. "It will be appreciated that the limits that can be placed on the use of a single use credit number or a multiple use credit card number are almost limitless and those having skill in the art will consider other ways in which the use of the credit card number could be limited, whether it be by time, by amount, by geographical region, or by purpose or use (such as limited to Internet trade and so on), or by some combination of these separate criterion." Flitcroft at 8:2-10 (emphasis added).

(xxvii) Dependent Claim 31

Claim	Flitcroft
31. The method of claim 22 wherein the step of receiving account information from an account holder identifying an account that is used to make credit card purchases further comprises receiving information identifying a credit card account.	Flitcroft discloses that a user can provide the custodial authorizing entity with information in advance identifying a credit card account: "a master account number would have been preferably assigned to the customer at a previous point in time. The conditions database 122 may comprise a mechanism for associating the master credit card number with the limited-use credit card number." Flitcroft at 11:6-10.

(xxviii) Dependent Claim 32

Claim	Flitcroft
32. The method of claim 22 wherein the step of generating a transaction code utilizing a processing computer of a custodial	Flitcroft discloses a plurality of payment categories: "It will be appreciated that the limits that can be placed on the use of a single use credit number or a multiple use credit card number are almost limitless and those having skill in the art

authorizing entity further comprises generating a transaction code which reflects at least one of a plurality of predetermined payment categories.	will consider other ways in which the use of the credit card number could be limited, whether it be by time, by amount, by geographical region, or by purpose or use (such as limited to Internet trade and so on), or by some combination of these separate criterion." Flitcroft at 8:2-10. "The use-triggered condition subsequent limitations placed on limited use card numbers, i.e., transaction value limitations, number of transactions limits etc., are central to their additional flexibility and security compared to conventional credit/debit/charge cards." Flitcroft at 16:6-10.

(xxix) Dependent Claim 33

Claim	Flitcroft
33. The method of claim 22 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that is automatically chosen by a custodial authorizing entity.	Flitcroft discloses that the credit card company could automatically choose the payment category based on the requests of the card holder: "The limitations placed on limited use card numbers…are central to their additional flexibility and security compared to conventional credit/debit/charge cards. …These limitations can be assigned by the issuer in a predetermined manner or can be imposed according to the requests of the card holder." Flitcroft 16:6-22 (emphasis added).

(xxx) Dependent Claim 35

Claim	Flitcroft
35. The method of claim 22 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits	Flitcroft discloses that the transaction code could be limited to predetermined times: "It will be appreciated that the limits that can be placed on the use of a single use credit number or a multiple use credit card number are almost limitless and those having skill in

transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting purchases to a minimum time interval after which a subsequent purchase is permitted.	the art will consider other ways in which the use of the credit card number could be limited, whether it be by time..." Flitcroft at 8:2-10 (emphasis added). Flitcroft's disclosure of a card with time limits expressly discloses "limiting purchases to a minimum time interval after which a subsequent purchase is permitted" because the time limit during which the card is not valid constitutes a minimum time interval. *See* Exh. 1008, Grimes Dec. at ¶ 55.

(xxxi) Dependent Claim 36

Claim	Flitcroft
36. The method of claim 22 wherein the step of communicating said transaction code to said account holder further comprises communicating said transaction code to said account holder at the location of the merchant for use in person.	Flitcroft discloses that the user could contact the custodial authorizing entity and receive a transaction code in response: "When a customer needs single use cards, the CPU can issue the additional credit card numbers to the customer." Flitcroft at 14:12-13. The user could contact the credit card company from any location, include at the location of the merchant. *See* Exh. 1008, Grimes Dec. at ¶ 52.

(xxxii) Dependent Claim 37

Claim	Flitcroft
37. The method of claim 22 wherein said step of receiving a request to authorize payment for a purchase using said transaction code further identifies a merchant as one of said one or more merchants.	Flitcroft discloses that the one or more merchants is identified when the merchant verifies the purchase parameters: "The step of processing the transaction includes:…determining whether to deactivate the limited-use credit card number when the limited-use credit card number was used to perform the transaction…the determining step determines whether to deactivate the limited-use credit card number based on whether a limited-use event pertaining to the use of the limited-use credit card number has occurred." Flitcroft at 5:38-46.

(xxxiii) Dependent Claim 38

Claim	Flitcroft
38. The method of claim 22 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a predetermined payment category that is further limited in accordance with transaction details provided by said account holder.	Flitcroft discloses that the user can chose what limitations are included in the payment category: "[E]ach limited-use credit card number can be stored with a field which identifies its master account, and various conditions regarding its use." Flitcroft at 10:16-18. "It will be appreciated that the limits that can be placed on the use of a single use credit number or a multiple use credit card number are almost limitless and those having skill in the art will consider other ways in which the use of the credit card number could be limited, whether it be by time, by amount, by geographical region, or by purpose or use (such as limited to Internet trade and so on), or by some combination of these separate criterion." Flitcroft at 8:2-10 (emphasis added).

5. **Ground 4: Claims 11-14, 26 & 34 are Obvious Under 35 U.S.C. § 103 by Flitcroft in View of Musmanno**

(i) Overview of Musmanno

U.S. Patent No. 5,826,243 to Musmanno et al. (Exh. 1007, "Musmanno") issued on October 20, 1994 – prior to the invention date of the '988 Patent. Accordingly, Musmanno is prior art under at least 35 U.S.C. § 102(a). Musmanno teaches a system for managing a master account and multiple vested sub-accounts to control specific recurring expenses, such as car payments and mortgage payments. Musmanno at 2:40-47; 3:5-18; 5:26-31.

(ii) Motivation to Combine Flitcroft and Musmanno

Both references address methods for facilitating financial transactions.

Flitcroft teaches a method for limited-use credit card transactions through the use of a transaction code that is restricted to transactions at selected vendors. Flitcroft at 1:11-13; 6:53-60. Musmanno similarly addresses a system for managing financial business transactions and fund transfers between various accounts. Musmanno at 1:5-10. More specifically, Musmanno discloses the use of repeating transactions, paid over a fixed number of payment intervals, between accounts. *Id.* 5:26-31. Applying the repeating transaction techniques of Musmanno to the transaction code methods of Flitcroft with no change in their respective functions would have yielded predicable results: the use of a transaction code for repeating transactions. Thus, these references in their similar purpose of dealing with financial transactions and services, and overlapping teachings, confirm a motivation to combine Flitcroft and Musmanno. *See supra* Section V.A.3; *see also* Exh. 1008, Grimes Dec. at ¶ 60.

(iii) Dependent Claim 11

Claim	Flitcroft in view of Musmanno
11. The method of claim 1 further comprising defining at least one payment category to include using said transaction code for at least two purchases for a repeating transaction at a	Flitcroft in view of Musmanno discloses that the transaction code could be used repeatedly for a fixed number of time intervals: "the multiple use credit card number could be limited to, for example, five uses with a credit limit not exceeding $100 in each transaction and an aggregate credit limit not exceeding $400." Flitcroft at 7:55-66 (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic

fixed amount payable at each of a fixed number of time intervals.	transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 61.

(iv) Dependent Claim 12

Claim	Flitcroft in view of Musmanno
12. The method of claim 11 further comprising defining at least one payment category to include limiting purchases to said repeating transaction at said fixed amount payable at each of said fixed number of time intervals.	Flitcroft in view of Musmanno discloses that the transaction code could be used repeatedly for a fixed number of time intervals: "the multiple use credit card number could be limited to, for example, five uses with a credit limit not exceeding $100 in each transaction and an aggregate credit limit not exceeding $400." Flitcroft at 7:55-66 (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 61.

(v) Dependent Claim 13

Claim	Flitcroft in view of Musmanno
13. The method of claim 1 further comprising defining at least one payment category to include using said transaction code for a repeating transaction at a fixed amount payable at each of an unspecified number of time intervals.	Flitcroft in view of Musmanno discloses that the transaction code could be used repeatedly for a unspecified number of time intervals: "[a] credit card number…could have…a credit limit such that when the aggregate amount of a series of transactions exceeded a specific credit limit that the credit card number would be canceled." Flitcroft at 7:55-6 "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59.

	See Exh. 1008, Grimes Dec. at ¶ 61.

(vi) Dependent Claim 14

Claim	Flitcroft in view of Musmanno
14. The method of claim 1 further comprising defining at least one payment category to include limiting a repeating transaction to a maximum dollar amount.	Flitcroft in view of Musmanno discloses that the transaction code could be used repeatedly to a maximum amount: "the multiple use credit card number could be limited to, for example, five uses with a credit limit not exceeding $100 in each transaction and an aggregate credit limit not exceeding $400." Flitcroft at 7:55-66 (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 61.

(vii) Dependent Claim 26

Claim	Flitcroft in view of Musmanno
26. The method of claim 21 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to a single merchant further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting a repeating transaction to a maximum dollar amount.	Flitcroft in view of Musmanno discloses that the transaction code could be used repeatedly to a maximum amount: "the multiple use credit card number could be limited to, for example, five uses with a credit limit not exceeding $100 in each transaction and an aggregate credit limit not exceeding $400." Flitcroft at 7:55-66 (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 61.

(viii) Dependent Claim 34

Claim	Flitcroft in view of Musmanno
34. The method of claim 22 wherein the step of receiving a request from said account holder for a transaction code to make a purchase within a payment category that at least limits transactions to one or more merchants further comprises receiving a request from said account holder for a transaction code to make a purchase within a payment category that includes limiting a repeating transaction to a maximum dollar amount.	Flitcroft in view of Musmanno discloses that the transaction code could be used repeatedly to a maximum amount: "the multiple use credit card number could be limited to, for example, five uses with a credit limit not exceeding $100 in each transaction and an aggregate credit limit not exceeding $400." Flitcroft at 7:55-66 (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 61.

6. Ground 5: Claims 1-20, 22, and 31-38 are Indefinite Under 35 U.S.C. § 112

35 U.S.C. § 112 requires that a patent convey with reasonable clarity to those skilled in the art that, as of the filing date, the applicant was in possession of the claimed invention. 35 U.S.C. § 112 ¶ 1; MPEP § 2163.02. Claims that are not amenable to construction or insolubly ambiguous are deemed to be indefinite. *Datamize, LLC v. Plumtree Software, Inc*., 417 F.3d 1342, 1347 (Fed. Cir. 2005). A construed claim can be indefinite if the construction remains insolubly ambiguous, meaning it fails to provide sufficient clarity about the bounds of the claim to one skilled in the art. *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co*.

655 F. 3d 1364 (Fed. Cir. 2011). In particular, "the claims must be sufficiently precise to permit a potential competitor to determine whether or not he is infringing." *Morton Int'l, Inc. v. Cardinal Chem. Co.*, 5 F.3d 1464, 1470 (Fed. Cir. 1993); *IPXL Holdings, LLC v. Amazon. com, Inc.*, 430 F. 3d 1377, 1384 ("A claim is considered indefinite if it does not reasonably apprise those skilled in the art of its scope"). Here, the '988 Patent claims 1-20, 22, 31-38 are clearly indefinite for two separate and independent reasons.

First, each of claims 1-20, 22, and 31-38 includes the term "[limiting/limits] … to one or more merchants." For example, independent claim 1 includes the term in the context of the following element:

> defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants

The '988 Patent fails to particularly point out and distinctly claim the term "limiting … to one or more merchants." Specifically, the term "one or more merchants" does not appear in the written description and is not identified in any figure in the '988 Patent; nor is the term clarified in any of the dependent claims of the '988 Patent. The term "one or more merchants" appears to encompass all possible numbers of merchants, from a single merchant up to all merchants in the

world. *See* Exh. 1008, Grimes Dec. at ¶ 64. Essentially, a code capable of use at *any* number of merchants would still satisfy this limitation because a code is always limited to a number of merchants – however large – where the code may be used. In other words, there is *no* number of merchants that would not satisfy the term "one or more merchants." Because *every* conceivable number of merchants would satisfy this limitation, the term "*limiting* … to one or more merchants" has no discernable meaning because the term provides no real "limiting" at all. Accordingly, one of ordinary skill in the art, having read the '988 Patent would have no way of determining whether they were practicing the claim element of "*limiting* … to one or more merchants," because that element would appear to even encompass situations where *no limit* were placed on the number of merchants at which a transaction could occur. *See* Exh. 1008, Grimes Dec. at ¶ 64.

Second, in claims 1-16, the term is used in the context of "limiting *a number of transactions* to one or more merchants." The claim does not recite the "number of transactions" to which the purported term applies. The term "a number of transactions" could be any conceivable number, including zero transactions, one transaction, or a plurality of transactions. *See* Exh. 1008, Grimes Dec. at ¶ 67. Here, the number could be "zero", meaning even if *no* transactions are limited to a certain number of merchants, this term would still be satisfied. Similarly, there appears to be *no* number of transactions that would *not* satisfy this term (i.e. this

term is not a limitation at all). *See* Exh. 1008, Grimes Dec. at ¶ 67. Because the claim term "*limiting* a number of transactions to one or more merchants" appears to encompass even situations where *no limit* were placed on either the number of transactions, or on the number of merchants – a person of ordinary skill in the art would not understand what is claimed nor would they be able to determine whether they were practicing the claimed invention. *See* Exh. 1008, Grimes Dec. at ¶ 67.

Accordingly, both the terms "[limiting/limits] … to one or more merchants" and "a number of transactions" are ambiguous and indefinite, rendering claims 1, 17, 19, and 22 invalid. *See* Exh. 1008, Grimes Dec. at ¶ 65, 68. Each of claims 2-16, 18, 20, and 31-38 depends from these claims, and are thus invalid as well. *Id.*

VI. CONCLUSION

For at least the reasons set forth above, Petitioner requests institution of a covered business method patent review of the '988 Patent because this Petition would, if unrebutted, demonstrate it is more likely than not that at least one of the claims is unpatentable. It is therefore respectfully submitted that this Petition be granted. If there are any questions, Petitioner's counsel may be contacted at the telephone number below. Please direct all correspondence to the undersigned.

Pursuant to §§ 40.304 and 40.302(b), Petitioner, Petitioner's real party in interest, and Petitioner's privies are not estopped from challenging the claims on the grounds identified in this Petition. As identified in the attached Certificate of

Service and in accordance with §§ 1.33(c), 42.205, and 42.300, a copy of the present Petition, in its entirety, is being served on the patent owner at the correspondence address of record for the subject patent as reflected in the publicly-available records of the United States Patent and Trademark Office as designated in the Office's Patent Application Information Retrieval system.

The Director is hereby authorized to charge any deficiency in the fees filed, asserted to be filed or which should have been filed herewith (or with any paper hereafter filed in this proceeding by this firm) to our Deposit Account 02-4377, Ref. No.: 070457.2793.

September 17, 2013

Respectfully submitted,
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ATTORNEYS FOR PETITIONER MASTERCARD INTERNATIONAL INCORPORATED

CERTIFICATE OF SERVICE ON PATENT OWNER
UNDER 37 C.F.R. § 42.205

Pursuant to 37 C.F.R. § 42.205, the undersigned certifies that on the 17th day of September 2013, a complete and entire copy of this Petition for Covered Business Method Patent Review under 35 U.S.C. § 321 and 37 C.F.R. § 42.304, and all supporting exhibits were provided via Federal Express, postage prepaid, to the Patent Owner and its known representatives by serving the correspondence address of record for the '988 Patent holder and the patent holder's counsel:

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Paper 9
Entered March 7, 2014

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASTERCARD INTERNATIONAL INCORPORATED
Petitioner

v.

JOHN D'AGOSTINO
Patent Owner

Case CBM2013-00057
Patent 8,036,988

Before SALLY C. MEDLEY, KARL D. EASTHOM, and KALYAN K. DESHPANDE, *Administrative Patent Judges*.

DESHPANDE, *Administrative Patent Judge*.

DECISION
Denying Institution of Covered Business Method Patent Review
37 C.F.R. § 42.208

I. INTRODUCTION

MasterCard International Incorporated ("Petitioner") filed a petition ("Pet.") requesting a review under the transitional program for covered business method patents of U.S. Patent No. 8,036,988 B2 (Ex. 1001, "the '988 patent"). Paper 5. John D'Agostino ("Patent Owner") filed a preliminary response ("Prelim. Resp."). Paper 8. The Board has jurisdiction under 35 U.S.C. § 324.[1]

The standard for instituting a covered business method patent review is set forth in 35 U.S.C. § 324(a), which provides as follows:

> THRESHOLD—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

Petitioner challenges the patentability of claims 1-38 of the '988 patent under 35 U.S.C. §§ 102, 103, and 112, second paragraph. Taking into account Patent Owner's preliminary response, we determine that the information presented in the petition does not demonstrate that it is more likely than not that the challenged claims are unpatentable. Pursuant to 35 U.S.C. § 324(a), we deny the institution of a covered business method patent review as to claims 1-38 of the '988 patent.

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[1] *See* Section 18(a) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) ("AIA").

A. The '988 Patent

The '988 patent discloses a method and system of performing secure credit card purchases. Ex. 1001, Abstract. The method and system increase overall security by minimizing access to credit card numbers, without having to substantially deviate from existing credit card transaction practices. *Id*. at col. 1, ll. 19-29.

Figure 3 of the '988 patent follows:

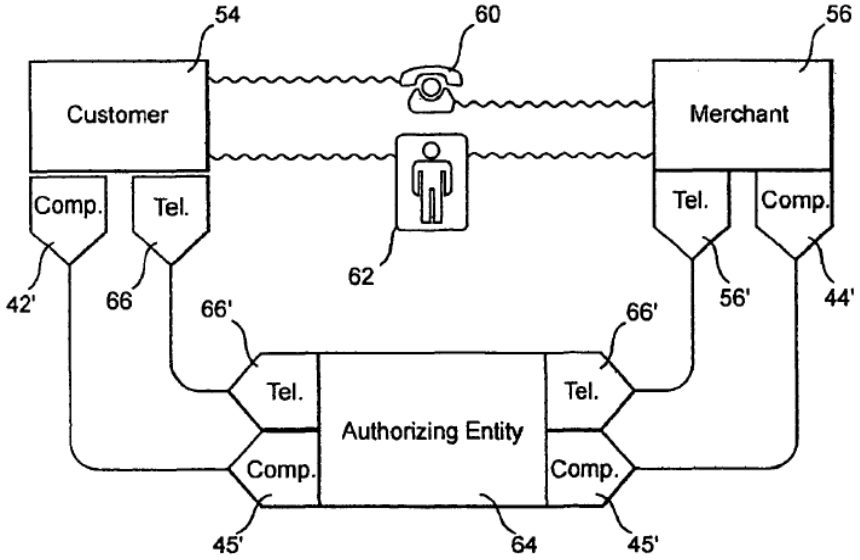

FIG. 3

Figure 3 schematically represents a secure credit card transaction system, where the customer-to-merchant contact is by phone or in person. As shown above in Figure 3, customer 54 receives promotional information from merchant 56, either by telephone 60 or in person 62. *Id*. at col. 7, ll. 30-35. Customer 54 then contacts custodial authorizing entity 64, by either telephone 66' or computer 45', for authorization. *Id*. at col. 7, ll. 35-43.

After confirming authorization, authorizing entity 64 establishes details of the anticipated transaction to determine a payment category, and then issues a transaction code to the customer. *Id*. at col. 7, ll. 43-46. The customer can utilize the transaction code to consummate a transaction within the defined parameters of the payment category, and the merchant can obtain verification and subsequent payment utilizing the transaction code only. *Id*. at col 7, ll. 46-55.

B. Related Matters

Petitioner and Patent Owner identify the following related district court proceeding involving the '988 Patent and in which Petitioner is a party: *John D'Agostino v. MasterCard, Inc. et al.*, Case No. 1:13-cv-00738 (D. Del., filed April 26, 2013). Pet. 5; Prelim. Resp. 4; Ex. 1007 ("Complaint for Patent Infringement").

Petitioner and Patent Owner also identify the '988 patent as the subject of Ex Parte Reexamination proceeding No. 90/012,517. Pet 5-6; Prelim. Resp.18; Ex. 1003 ("Ex Parte Reexamination Office Action").

In related proceeding CBM2013-00058, Petitioner also seeks review of U.S. Patent No. 7,840,486 B2, to which the '988 patent claims priority. Pet. 6.

C. Illustrative Claim

Petitioner challenges claims 1-38 of the '988 patent. Claims 1, 17, 19, 21, and 22 are independent claims. Claim 1 is illustrative of the claims at issue and follows:

1. A method of performing secure credit card purchases, said method comprising:

a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;

b) supplying said custodial authorizing entity with at least account identification data of said customer's account;

c) defining at least one payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified as one of said one or more merchants;

d) designating said payment category;

e) generating a transaction code by a processing computer of said custodial authorizing entity, said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category;

f) communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters;

g) verifying that said defined purchase parameters are within said designated payment category; and

h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.

D. The Alleged Grounds of Unpatentability

The information presented in the Petition sets forth Petitioner's contentions of unpatentability of claims 1-38 of the '988 patent under 35 U.S.C. §§ 102, 103, and 112, second paragraph, as follows (*see* Pet. 6-7, 14-79):

Reference(s)	Basis	Challenged Claims
Cohen[2]	§ 102(e)	1-10, 15-25, 27-33, and 35-38
Cohen and Musmanno[3]	§ 103	11-14, 26, and 34
Flitcroft[4]	§ 102(e)	1-10, 15-25, 27-33, and 35-38
Flitcroft and Musmanno	§ 103	11-14, 26, and 34
None	§ 112, second paragraph	1-20, 22, and 31-38

II. ANALYSIS

A. Covered Business Method Patent

As indicated above, claim 1 recites "a method of performing secure credit card purchases." We determine that the '486 Patent is a 'covered business method patent' under § 18(d)(1) of the AIA. *See* note 1; Pet. 3-5

[2] U.S. Patent No. 6,422,462 B1 (Ex. 1004) ("Cohen").
[3] U.S. Patent No. 5,826,243 (Ex. 1006) ("Musmanno").
[4] U.S. Patent No. 6,636,833 B1 (Ex. 1005) ("Flitcroft").

(quoting and discussing § 18(d)(1)). As Petitioner contends, we determine that "the subject matter as a whole solves no 'technical problem,' and instead is directed to a method of carrying out a financial transaction." *See* Pet. 4. Patent Owner does not challenge Petitioner's contention.

Specifically, claim 1 is directed to securely transacting credit card purchases. The method includes a custodial authorizing entity that provides a transaction code in order to facilitate a transaction between a customer and a merchant. We determine that a claim for "transacting credit card purchases" that includes a custodial authorizing entity to facilitate a transaction between a customer and merchant is expressly financial in nature. Accordingly, we determine that the '988 patent is a 'covered business method patent' under § 18(d)(1) of the AIA.

B. Claim Construction

In a covered business method patent review, a claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears. 37 C.F.R. § 42.300(b). Under the broadest reasonable construction standard, claim terms are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the entire disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). Any special definition for a claim term must be set forth in the specification with reasonable clarity, deliberateness, and precision. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994). Reading a particular embodiment appearing in the written description into a claim is generally improper when the claim

language is broader than the embodiment. *In re Van Geuns*, 988 F.2d 1181, 1184 (Fed. Cir. 1993).

1. "a number of transactions"

Independent claim 1 recites "limiting a number of transactions," and independent claims 17, 19, 21, and 22 recite a similar limitation. Petitioner, based on the Grimes declaration, proposes that the limitation "a number of transactions" means "any number of transactions, including zero transactions, one transaction, or a plurality of transactions." Pet. 13-14 (citing Ex. 1008, ¶ 25). The Grimes declaration bases this construction on the '988 patent disclosure of designating a maximum amount that can be spent utilizing a particular transaction code within a predetermined period of time. Ex. 1008, ¶ 25 (citing Ex. 1001, col.8, ll. 27-34). Patent Owner does not propose a construction for this limitation.

Although we agree with Petitioner that "a number of transactions" means one or more transactions, we do not agree that this limitation includes zero transactions or even an infinite number of transactions, as Petitioner argues in support of the indefiniteness challenge below. Pet. 78-79. Construing this limitation to include zero transactions ignores the preceding word in the phrase "limiting a number of transactions," which implies the occurrence of at least one transaction, instead of the absence of a transaction. Similarly, construing this limitation to include an infinite number also ignores the preceding term "limiting" because infinite requires the absence of a limit. Accordingly, "a number of transactions" means one or more transactions, where the number of transactions is limited to a finite number.

2. "one or more merchants"

Independent claim 1 recites "limiting a number of transactions to one or more merchants," and independent claims 17, 19, 21, and 22 recite a similar limitation. Petitioner proposes, based on the Grimes declaration, that "one or more merchants" means "one merchant up to any plurality of merchants," including "all merchants in the world," and including "no limit" on the number of merchants. Pet. 13, 77-78 (citing Ex. 1008, ¶ 24). Patent Owner proposes this limitation to mean "a certain quantity of merchants that is finite in number." Prelim. Resp. 7.

We agree with Patent Owner that interpreting "one or more merchants" to include an infinite number of merchants is overly broad and unreasonable. Claim 1 recites "performing secure credit card purchases." It also recites "said one or more merchants limitation being included in said payment category," and "authoriz[ing] payment required to complete the purchase." These steps imply a reasonable, finite number of merchants to authorize payment and perform a purchase. It is unreasonable to understand this limitation to mean an infinite number of merchants can be included in said payment category. Accordingly, on this record, "one or more merchants" means "one merchant up to a plurality of merchants, where the number of merchants is a finite number."

C. Unpatentability under 35 U.S.C. § 112, second paragraph

Petitioner contends that claims 1-20, 22, and 31-38 of the '988 patent are unpatentable under 35 U.S.C. § 112, second paragraph, as being indefinite. Independent claims 1, 17, 19, and 22 recite "limiting the number

of transactions to one or more merchants." Petitioner argues that this limitation does not appear in the written description, is not identified in any figure of the '988 patent, and is not clarified or limited further by the dependent claims. Therefore, according to Petitioner, "limiting . . . to one or more merchants" encompasses an infinite number of merchants. Pet. 77-78 (citing Ex. 1008, ¶ 64). Petitioner argues that a person having ordinary skill in the art would have no way of determining whether they were practicing "limiting . . . to one or more merchants," because this limitation encompasses situations where there is no limit on the number of merchants with which a transaction occurs. *Id.*

Patent Owner argues that this limitation is "definite because one of ordinary skill in the art would understand the term to require some limit on the number of merchants that purchases could be made using the transaction code." Prelim. Resp. 31-32.

We agree with Patent Owner. As discussed above in our claim construction, construing "one or more merchants" to encompass an infinite number of merchants is unreasonable. As also discussed above, claim 1 requires various steps, including providing authorization to complete a purchase. A person with ordinary skill in the art would understand "limiting . . . to one or more merchants" broadly imposes some type of reasonable limitation as to the number of merchants in order to provide the necessary authorization to complete a purchase and perform other claim steps. Even assuming, *in arguendo*, that "limiting . . . to one or more merchants" includes a relatively large number of merchants, such a construction is

merely broad and not indefinite. *In re Gardner*, 427 F.2d 786, 788 (CCPA 1970) ("Breadth is not indefiniteness."). Accordingly, we do not agree with Petitioner that this limitation is indefinite.

Petitioner further notes that independent claim 1 recites "limiting a number of transactions" to one or more merchants, and independent claims 17, 19, and 22 recite similar limitations. Petitioner asserts that this limitation is indefinite because it includes both zero transactions and an infinite number of transactions. Pet. 78-79 (citing Ex. 1008, ¶ 67).

Patent Owner argues that Petitioner's construction of "limiting a number of transactions" to include zero and infinite transactions is unreasonable and overly broad. Prelim. Resp. 32-33. We agree with Patent Owner. Specifically, based on the discussion above in the claim construction section, we agree that a person with ordinary skill in the art would understand the limitation "limiting a number of transactions" to include at least one transaction, and, therefore, construing this limitation to encompass zero transactions is unreasonable. We further agree that a person with ordinary skill in the art would understand that, while this limitation is broad, this limitation requires some limitation on the number of transactions, and, therefore, construing this limitation to encompass an infinite or limitless number of transactions is also unreasonable.

Accordingly, we are not persuaded that Petitioners will more likely than not prevail in demonstrating that claims 1-20, 22, and 31-38 are unpatentable as being indefinite under 35 U.S.C. § 112, second paragraph.

D. Unpatentability under 35 U.S.C. §§ 102 and 103

Petitioner contends that claims 1-10, 15-25, 27-33, and 35-38 of the '988 patent are unpatentable under 35 U.S.C. § 102(e) as anticipated by Cohen or Flitcroft, and claims 11-14, 26, and 34 are unpatentable under 35 U.S.C. § 103 as obvious over Cohen or Flitcroft, and Musmanno. Pet. 14-76.

1. Section 18(a)(1)(C) of the AIA

Under section 18(a)(1)(C) of the AIA, a petitioner in a transitional proceeding who challenges the validity of one or more claims in a covered business method patent on grounds of unpatentability raised under §§ 102 and 103 may only support such grounds on the following basis:

> (i) prior art that is described by section 102(a) of such title (as in effect on the day before such effective date); or
> (ii) prior art that—
> (I) discloses the invention more than 1 year before the date of the application for patent in the United States; and
> (II) would be described by section 102(a) of such title (as in effect on the day before the effective date set forth in section 3(n)(1)) if the disclosure has been made by another before the invention thereof by the applicant for patent.

AIA Section 18(a)(1)(C).

2. Priority

The '988 patent was filed on October 12, 2010 and issued on October 11, 2011. Ex. 1001. The '988 patent is a continuation of application 11/252,009, filed on October 17, 2005, which is now U.S. Patent No. 7,840,486. *Id.* That application is a continuation of application 10/037,007,

filed on November 9, 2001, which is a continuation-in-part of application 09/231,745, filed on January 15, 1999, which is now U.S. Patent No. 6,324,526. *Id*.

Cohen was filed on March 30, 1999 and issued on July 23, 2002. Ex. 1004. Cohen claims priority to Provisional Application No. 60/079,884, filed on March 30, 1998. *Id*.

Flitcroft was filed on January 22, 1999 and issued on October 21, 2003. Ex. 1005. Flitcroft claims priority to Provisional Application No. 60/099,014, filed on September 9, 1998; Provisional Application No. 60/098,175, filed on August 26, 1998; and Provisional Application No. 60/092,500, filed on July 13, 1998. *Id*.

3. Analysis

Petitioner submits that Cohen and Flitcroft qualify as § 102(e) prior art references, assuming that the '988 patent receives the benefit of the earliest filing date, January 15, 1999. Pet. 14, 45. Although Cohen and Flitcroft were filed prior to the effective filing date of the '988 patent, neither Cohen nor Flitcroft was published prior to the effective filing date of the '988 patent. As such, we agree with Petitioner that both Cohen and Flitcroft only qualify as § 102(e) references. Accordingly, neither Cohen nor Flitcroft qualifies as prior art, for a covered business method review, under Section 18(a)(1)(C) of the AIA.

Petitioner does not direct us to any further evidence to demonstrate that Cohen and Flitcroft qualify as prior art under Section 18(a)(1)(C) of the AIA. Instead, Petitioner argues that the Board previously has instituted a

covered business method patent review on the basis of a reference that qualifies under § 102(e). Pet. 14, n. 4 (citing CBM2013-00008, paper 20, 20-21, 35). Nonetheless, Section 18(a)(1)(C) of the AIA governs what qualifies as prior art in this proceeding, and in that earlier Board proceeding, the Board issued a clarifying order, effectively amending the decision to institute and withdrawing the previously instituted ground based on the § 102(e) reference, reasoning that the reference does not qualify as prior art in CBM proceedings under Section 18(a)(1)(C) of the AIA. *See* CBM2013-00008, paper 24, 2-3.

Because Petitioner has not demonstrated that Cohen or Flitcroft qualifies as prior art under Section 18(a)(1)(C) of the AIA, we are not persuaded that Petitioner demonstrates that it is more likely than not that claims 1-10, 15-25, 27-33, and 35-38 are unpatentable as being anticipated by Cohen or Flitcroft. We similarly are not persuaded that Petitioner demonstrates that it is more likely than not that claims 11-14, 26, and 34 are unpatentable as being obvious over Cohen or Flitcroft, and Musmanno.

III. CONCLUSION

For the foregoing reasons, we determine that the information presented in the petition does not establish that it is more likely than not that claims 1-38 of the ’988 patent are unpatentable and, accordingly, decline to institute a covered business method patent review of the ’988 patent.

IV. ORDER

For the foregoing reasons, it is

ORDERED that the petition is *denied* as to all challenged claims of the ’988 patent.

Case CBM2013-00057
Patent 8,036,988

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASTERCARD INTERNATIONAL INCORPORATED
Petitioner

v.

JOHN D'AGOSTINO
Patent Owner

Patent No. 7,840,486
Application No. 11/252,009
Filed: October 17, 2005
Issued: November 23, 2010
Title: System and Method for Performing Secure Credit Card Transactions

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PETITION FOR COVERED BUSINESS METHOD PATENT REVIEW UNDER 35 U.S.C. § 321, 37 C.F.R. § 42.304

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PETITIONER'S LIST OF EXHIBITS

Exhibit 1001 – U.S. Patent No. 7,840,486

Exhibit 1002 – File History for U.S. Patent No. 7,840,486

Exhibit 1003 – File History for U.S. Reexamination No. 90/012,517

Exhibit 1004 – U.S. Patent No. 6,422,462 ("Cohen")

Exhibit 1005 – U.S. Patent No. 6,636,833 ("Flitcroft")

Exhibit 1006 – U.S. Patent No. 5,826,243 ("Musmanno")

Exhibit 1007 – Complaint in D'Agostino v. MasterCard, Inc. et al. (13-cv-0738)

Exhibit 1008 – Declaration of Jack D. Grimes, Ph.D.

Exhibit 1009 – Excerpts from Random House Webster's Unabridged Dictionary, Second Edition

Exhibit 1010 – U.S. Patent No. 6,064,987 ("Walker")

Exhibit 1011 – U.S. Patent No. 5,283,829 ("Anderson")

Exhibit 1012 – ISO 8583 Financial Transaction Card Originated Messages – Interchange Message Specifications (1992) ("ISO 8583")

Exhibit 1013 – File History for U.S. Patent No. 8,036,988

Pursuant to 35 U.S.C. § 321 and 37 C.F.R. § 42.304, MasterCard International Incorporated ("Petitioner" and real party in interest), hereby petitions for review under the transitional program for covered business method patents of claims 1-30 (all claims) of U.S. Pat. No. 7,840,486 ("the '486 Patent"), issued to John D'Agostino ("D'Agostino"). Petitioner hereby asserts it is more likely than not that at least one of the challenged claims is unpatentable and respectfully requests review of, and judgment against, Claims 1-30 as unpatentable under §§ 102 and/or 103.

I. INTRODUCTION

The '486 Patent attempts to claim the use of a transaction code – in lieu of a credit card number – for making secure transactions that are limited to a single merchant. This was a practice that was common in the credit card industry before the priority date of the '486 Patent. During prosecution, the '486 Patent issued only after the Applicant attempted to distinguish the claims over the prior art on the basis of the following limitation:

> defining a payment category including at least limiting purchases to a single merchant for at least one transaction, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant

However, this limitation does not in fact distinguish the claims of the '486 patent from the prior art. The prior art already disclosed the use of credit card

transaction codes that were limited to a single transaction, which inherently limits the card to use at a single merchant – because once the card is first used at any merchant, it cannot be used again. Therefore, the Applicant had claimed in the '486 Patent nothing more than a feature that was inherently disclosed in the prior art. Accordingly, and as explained in detail below, the prior art invalidates the '486 Patent.

II. PETITIONER HAS STANDING

A. The '486 Patent is a Covered Business Method Patent

The '486 Patent is a "covered business method patent" under § 18(d)(1) of the Leahy-Smith America Invents Act, Pub. L. 112-29 ("AIA") and § 42.301. More specifically, the term "covered business method patent" means "a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions." *See* AIA § 18(d)(1); 37 C.F.R. § 42.301(a); *see also* 77 Fed. Reg. 48733, 48735 (Aug. 14, 2012). The legislative history explains that the definition of covered business method patent was drafted to encompass patents "claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity." *See* 77 Fed. Reg. 48735 (Aug. 14, 2012).

Here, the '486 Patent claims a method for data processing and other

operations used in the practice, administration, and management of a financial product and service, and more particularly to a method for performing secure credit card purchases. The claimed method involves the creation and use of a transaction code wherein a customer does not need to reveal their credit card number to a merchant in order to make a purchase. Thus, the '486 Patent claims an activity that is entirely financial in nature, and involves the operations of a financial product and service, consequently qualifying it as a "covered business method patent."

Moreover, the '486 patent is not directed to a "technological invention." A "technological invention" claims "subject matter as a whole [that] recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution." § 42.301(b).[1] This is not the case here. The '486 Patent's claims are directed to performing ordinary credit card transactions using conventional security techniques, i.e., the use of a transaction

[1] *See, e.g.*, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012) ("Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer-readable storage medium, . . . display devices or databases, or . . . an ATM or point of sale device," or reciting "use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious" will "not typically render a patent a technological invention.").

code. *See* Exh. 1001 at Abstract. The claimed method does not contain any novel and unobvious technological feature: it merely claims the creation of a transaction code and the communication of the transaction code to the account holder and merchant to facilitate the secure credit card transaction. *See* Exh. 1001 at 4:3-24. In fact, this basic use of a transaction code to facilitate secure credit card transactions was well-known in the industry before the filing date of the '486 Patent, *see, e.g.,* U.S. Patent No. 6,422,462 to Cohen; U.S. Patent No. 6,636,833 to Flitcroft et al. The claims of the '486 Patent recite no particular hardware, arrangement of hardware, or software to implement the system. *See* CBM2012-00001, Decision Instituting CBM Review, Paper No. 36, at 27 (January 9, 2013) (holding that the claims were not directed to a technological invention because "no specific, unconventional software, computer equipment, tools or processing capabilities are required" by the claims). In addition, the subject matter as a whole solves no "technical problem," and instead is directed to a method of carrying out a financial transaction.

In addition, the '486 Patent is classified into Class 705. As the legislative history of the AIA reveals, this classification raises a presumption that the '486 Patent is a covered business method patent. 157 Cong. Rec. S1368, S1379 (daily ed. March 8, 2011)(Statement of Sen. Kyl). Finally, as noted below, the '486 Patent has been asserted against MasterCard's inControl offering, which is a

financial service. *See* Exh. 1007, Complaint at ¶ 19-22. This alone should suffice to make the patent eligible for covered business method review. 157 Cong. Rec. S1364, S1365 (daily ed. March 8, 2011)(daily ed. Statement of Sen. Schumer)("if a patent holder alleges that a financial product or service infringes its patent, that patent shall be deemed to cover a financial product or service"); *see also* 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011).

Accordingly, the '486 Patent qualifies for covered business method review.

B. Petitioner is a Real Party in Interest Sued for Infringement

The '486 Patent was asserted against Petitioner in Case No. 1:13-cv-00738, *John D'Agostino v. MasterCard, Inc. et al*, pending in the U.S. District Court for the District of Delaware. *See* Exh. 1007, Complaint.

C. Related Matters

As noted above, Case No. 1:13-cv-00738 is currently pending in the U.S. District Court for the District of Delaware. Petitioner is also filing, concurrent with this Petition, an additional Petition seeking review of the related U.S. Patent Number 8,036,988 (the "'988 Patent"), which claims priority to the '486 patent as a continuation.

In addition, there is a pending reexamination for the '988 Patent in Reexamination No. 90/0123,517, filed September 12, 2012, in the United States Patent and Trademark Office. *See* Exh. 1003 – File History for Reexamination No.

90/012,517.

III. OVERVIEW OF SPECIFIC GROUNDS FOR WHICH IT IS MORE LIKELY THAN NOT THAT THE CHALLENGED CLAIMS (1-30) OF THE '486 PATENT ARE UNPATENTABLE

Pursuant to § 42.208 (and § 42.300), Petitioner asserts that every one of the challenged claims 1-30 of the '486 Patent is unpatentable as invalid under §§ 102 and/or 103. The accompanying Exhibit List lists all prior art references relied upon in the Petition for the asserted grounds of invalidity under §§ 102 and/or 103. Petitioner specifically requests cancellation of the challenged claims on the following statutory grounds:

- **GROUND 1.** Claims 1-15 and 22-30 are Unpatentable under 35 USC § 102 as Anticipated by Cohen
- **GROUND 2.** Claims 16-21 are Unpatentable under 35 USC § 103 as Obvious over Cohen in view of Musmanno
- **GROUND 3.** Claims 1-15 and 22-30 are Unpatentable under 35 USC § 102 as Anticipated by Flitcroft
- **GROUND 4.** Claims 16-21 are Unpatentable under 35 USC § 103 as Obvious over Flitcroft in view of Musmanno

Section V lists each ground upon which it is more likely than not that the challenged claims are unpatentable as anticipated under §§ 102 and/or 103, and renders a detailed explanation therefor. Grounds 3 and 4 are being presented in the

event the Board does not accept Petitioner's construction of "generating [a/said] transaction code" and adopts a broader, albeit in Petitioner's view a faulty, alternative construction, both discussed below.

IV. BACKGROUND INFORMATION FOR THE '486 PATENT

A. Overview of the '486 Patent

The '486 Patent is directed to a secure method for performing credit card purchases, wherein a customer submits a transaction code, rather than an entire credit card number to a merchant when making a purchase. Generally, the customer contacts an authorizing entity, such as a credit card company or issuing bank, and requests a transaction code. The transaction code can be limited to purchases within a payment category, such as limiting the code to be used with a single merchant and other limitations, such as restricting the use to a particular period of time. The customer can then use the transaction code to make a purchase at a merchant or online.

B. The '486 Patent Prosecution History

On October 17, 2005, the Applicant filed U.S. Patent Application No. 11/252,009 which ultimately issued as the '486 Patent. The claims of the '486 Patent issued after only two rejections citing the same prior art references during prosecution. The Examiner rejected the claims in a non-final office action under § 103(a) as unpatentable over U.S. Patent No. 6,000,832 ("Franklin") in view of U.S.

Patent Publication No. 2001/0011249 ("Yanagihara") in further view of U.S. Patent No. 5,500,513 ("Langhans"). *See* Exh. 1002, '486 Patent File History, 6/10/09 Office Action at 7.

In response to the non-final office action, the Applicant argued that independent claim 1 "recites, *inter alia*, defining a payment category including at least limiting purchases to a single merchant for at least one transaction, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." *See* Exh. 1002, '486 Patent File History, 12/10/09 Response to Office Action at 23 (emphasis in original). The Applicant argued that the cited prior art "fails to teach or suggest the claimed feature of the single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant." *Id*. at 25 (emphasis added). The Applicant provided similar arguments for the other pending independent claims. *Id*. at 25-28.

The Examiner subsequently rejected the claims in a final office action again under § 103(a) as unpatentable over Franklin in view of Yanagihara in further view of Langhans. *See* Exh. 1002, '486 Patent File History, 3/29/10 Final Office Action at 5.

In response to the final office action, the Applicant again argued that the cited prior art did not teach "a single merchant limitation being included in a

payment category prior to any particular merchant being identified as said single merchant." *See* Exh. 1002, '486 Patent File History, 7/26/10 Response to Final Office Action at 19 (emphasis in original). The Applicant provided similar arguments for the other pending independent claims. *Id*. at 21-22.

After an examiner interview, the Examiner allowed the pending claims noting that he found the Applicant's arguments persuasive. More specifically, the Examiner stated in the reasons for allowance the "uniquely patentable feature" of:

> defining a payment category including at least limiting purchases to a single merchant for at least one transaction, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant

See Exh. 1002, '486 Patent File History, 9/1/10 Notice of Allowance at 11. The application subsequently issued as the '486 Patent on November 23, 2010.

Prior to issuance, the Applicant filed a continuation application, U.S. Patent Application No. 12/902,399, which ultimately issued as U.S. Pat. No. 8,036,988 ("the '988 Patent"). During prosecution of the '988 Patent, the same Examiner rejected the pending claims of the '988 Patent in view of the '486 Patent, concluding that the claims of the '988 Patent were not patentably distinct from those of the '486 Patent. *See* Exh. 1013, '988 Patent File History, 1/14/11 Office Action at 2-3. The Applicant did not contest that ground for rejection. Instead, to

overcome that rejection, the Applicant disclaimed the ability to enforce the '988 Patent beyond the term of the '486 Patent – conceding that the claims of the '486 Patent and those of the '988 Patent are not patentably distinct from each other. *See* Exh. 1013, '988 Patent File History, 3/21/11 Terminal Disclaimer.

C. The '988 Patent *Ex Parte* Reexamination File History

On September 12, 2012, the Petitioner filed a Request for Ex Parte Reexamination of the related '988 Patent, and after an initial decision denying the request, on January 7, 2013, the Petitioner filed a Petition for Review under 37 C.F.R. § 1.181. On June 7, 2013, the Director of the Central Reexamination Unit granted the Petition for Review and granted the Request for Ex Parte Reexamination of the '988 Patent. In the decision granting the petition, the Director stated: "in Cohen one can limit the transaction only to a particular type of merchant, such as computer stores" and further noted that the "card can be limited to use at certain types of stores, such as clothing stores." *See* Exh. 1003, '988 Patent Reexamination History, 6/7/13 CRU Decision, at 5. "At the same time, limiting to 'clothing stores' does not identify any one particular merchant." *Id.*

The director concluded that "[a]ccordingly, it would appear that Cohen does include 'defining a payment category to include at least limiting a number of transactions to one or more merchants, said one or more merchants limitation being included in said payment category prior to any particular merchant being identified

as one of said one or more merchants' as claimed." *Id.* This element is almost exactly the same as the "uniquely patentable feature" of the '486 Patent as identified by the Examiner during prosecution of the '486 Patent. The principal difference is that the '486 Patent claims a payment category that is limited to "a single merchant", where as the limitation addressed in the '988 Patent is a payment category that is limited to "one or more merchants."

To further explain the reasoning for why Cohen discloses this element, the Director noted that:

> Cohen does not necessarily limit transactions to any specific merchant or particular store – if Cohen provides a limit of 'clothing stores' then there is necessarily a limit on number of stores, as not all stores are clothing stores. At the same time there is no limit or specific identification of any specific store. Cohen therefore limits a number of transactions to one or more merchants, those of a specific industry, while not identifying [any] particular merchant. Limiting by industry does not necessarily identify a particular merchant. *Id.* at 6.[2]

As the Director reasoned in his decision, a particular type of store could include

[2] In the Office Action subsequently issued in the Ex Parte Reexamination, the Examiner agreed with the Director, rejecting all the claims of the '988 Patent. *See* Exh. 1003, '988 Patent Reexamination History, 9/11/13 Office Action, at 4-5, 13-14, and 18-19.

one or more merchants, but it undoubtedly could also be "a single merchant." *Id*. at 7 (granting reexamination for *all* claims of the '988 patent, including claim 21 which claims a payment category that is limited to "a single merchant").[3] Therefore, the Director found that Cohen inherently discloses the exact limitation that the Applicant relied on to distinguish the claims of the '486 Patent from the prior art.

V. DETAILED EXPLANATION OF REASONS FOR RELIEF SHOWING IT IS MORE LIKELY THAN NOT THAT THE CHALLENGED CLAIMS ARE UNPATENTABLE

Pursuant to §§ 42.22 and 42.304(b), a full statement of the reasons for the relief requested, with a detailed explanation of the evidence, including material facts, and the governing law, rules and precedent is provided below.

A. The Challenged Claims are Invalid under §§ 102 and/or 103

The following discussion details, in Sections V.A.2-V.A.5, each ground for which it is more likely than not that each challenged claim is invalid based on the prior art identified above as either anticipated under § 102 or obvious under § 103 (or a combination, where applicable). Section V.A.1 lists and explains the bases for Petitioner's relevant claim constructions for the challenged claims.

[3] This conclusion is consistent with the Applicant's own admission that the claims of the '486 Patent and the '988 Patent are not patentably distinct from each other. *See* Exh. 1013, '988 Patent File History, 3/21/11 Terminal Disclaimer.

1. **Claim Construction**

Pursuant to § 42.300(b), and solely for purposes of this review, Petitioner construes the claim language such that claim terms are given their broadest reasonable interpretation. For terms not specifically listed and construed below, and in the absence, to date, of detailed arguments from D'Agostino indicating a need for construction or a disagreement regarding the meaning of the vast majority of terms, Petitioner interprets them for purposes of this review in accordance with their plain and ordinary meaning under the required broadest reasonable interpretation. Because this standard is different from the standard used in U.S. District Court litigation, *see In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364, 1369 (Fed. Cir. 2004); *see also* MPEP § 2111, Petitioner expressly reserves the right to argue in litigation a different claim construction for any term in the '486 Patent as appropriate to that proceeding.

- **"generating [a/said] transaction code":** For review purposes, this term means "creating a code usable as a substitute for a credit card number in a purchase transaction, the number pre-coded to be indicative of a specific credit card account." (Exh. 1001, '486 Patent at Abstract; 3:43-48; 6:19-38; 6:63-7:1; *see* Exh. 1008, Grimes Dec. at ¶ 20).[4]

[4] In the event the Board does not accept Petitioner's construction of "generating [a/said] transaction code," but concludes instead that this term means "creating a

- **"defining a payment category":** For review purposes, this term means "specifying the type of limitation (or limitations) that are available to be applied to a transaction code in order to limit its use." (Exh. 1001, '486 Patent at 2:67-3:3; 3:48-4:2; 4:20-24; 7:2-8; 7:56-8:43; *see* Exh. 1008, Grimes Dec. at ¶ 21).

- **"particular merchant**": For review purposes, this term means "a specific merchant with whom a customer can engage in the purchase transaction." (Exh. 1001, '486 Patent at 3:67-4:2; 4:8-13; 4:44-49; *see* Exh. 1008, Grimes Dec. at ¶ 22).

- "**verifying that said defined purchase parameters are within said designated payment category**": For review purposes, this term means "ascertaining that any limitation associated with the designated payment category is satisfied." (Exh. 1001, '486 Patent at 4:8-13; 7:8-24; *see* Exh. 1008, Grimes Dec. at ¶ 23).

- "**promotional material**": For review purposes, this term means "any information about the product that facilitates the purchase transaction." (Exh. 1001,

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code usable as a substitute for a credit card number in a purchase transaction" (without the clause "the number pre-coded to be indicative of a specific credit card account") ("Alternative Construction") then Petitioner presents Grounds 3 and 4 below.

'486 Patent at 3:7-12; 5:36-48; 7:25-38; *see* Exh. 1008, Grimes Dec. at ¶ 24).

2. Ground 1: Claims 1-15 and 22-30 are Anticipated Under 35 U.S.C. § 102 by Cohen

(i) Overview of Cohen

U.S. Patent No. 6,422,462 to Cohen (Exh. 1004, "Cohen") claims priority to U.S. Provisional Application No. 60/079,884[5], which was filed on March 30, 1998. Accordingly, Cohen is prior art under at least 35 U.S.C. § 102(e), and thus Petitioner contends satisfies AIA § 18(a)(1)(C).[6] Cohen teaches customized, limited use card numbers for use in purchase transactions over a credit card network. Cohen at 2:32-43.

Cohen discloses an account holder contacting their credit card company, verifying their identity, and then being provided with a transaction code number to be used for a single or limited range of transactions. *Id.* at 3:41-48; 13:8-14. The

[5] U.S. Provisional Application No. 60/079,884 supports the subject matter relied upon in Cohen in compliance with 35 U.S.C. 112, first paragraph.

[6] This Board has previously instituted a Covered Business Method Patent Review on the basis of prior art under 35 U.S.C. § 102(e). *See* CBM 2013-00008, Decision Instituting CBM Review, Paper No. 20, at 20-21, 35 (June 24, 2013) (holding that the CBM petition was granted on the basis of prior art that included U.S. Pat. No. 5,940,812 to Tengel, a 102(e) prior art reference).

account holder can indicate in advance the limitations applicable to the transaction code number. *Id.* at 3:49-52. Once the account holder has received the number, they can communicate the number to a merchant like it was a regular credit card number, which the merchant can use to obtain authorization for the purchase transaction with the credit card company. *Id.* at 5:35-39. The credit card company can authorize the use of the customized number, or deny it if it is used for anything other than the single or customized use indicated by the account holder. *Id.* at 5:44-49.

Examples of the customized uses for which a disposable or customized number can be indicated may include a time limit, *Id.* at 6:7, specific merchant or industry, *Id.* at 8:2-14, a specific merchant or merchants, *Id.* at 8:33-34, purchase amount, *Id.* at 8:44, etc. These various customized uses can also be used in combination, such as a customized number to be used on specific dates, for specific amounts, etc. and those limits are recorded by the credit card company and associated with the customized number for verification when payment transactions occurs, *Id.* at 10:24-35.

(ii) Independent Claim 1

Claim	Cohen
1. A method of performing secure credit card purchases, said method comprising:	Cohen discloses "provid[ing] improved credit cards and methods for credit card transactions ... provid[ing] methods and apparatus for secure transmission of credit card information." (Cohen at 1:48-62) (emphasis added).

a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;	Cohen discloses that a user can contact a custodial authorizing entity: "[A] user dials into her credit card company...." (Cohen at 3:42-44).
b) supplying said custodial authorizing entity with at least account identification data of said customer's account;	Cohen discloses that a user can provide the custodial authorizing entity with her account identification data: "[A] user dials into her credit card company…and after providing the ordinary credit card number and verification data…." (Cohen at 3:42-45).
c) defining a payment category including at least limiting purchases to a single merchant for at least one transaction,	Cohen discloses a use of various payment categories: "The card can also be customized for only particular uses or groups of uses." (Cohen at 7:66-67). Cohen discloses a payment category limiting transactions to a single merchant: "The card could even [be] customized for use in a particular store itself..." (Cohen at 8:25-34). "[I]n one embodiment…[t]hese credit cards or credit card numbers are generated for a <u>one time, single transaction basis</u>, after which they are disposed of, or thrown away. The numbers can be used…to effect a <u>single transaction</u>." (Cohen at 2:35-43) (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 31.
said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;	Cohen discloses that the transaction code is limited to a single transaction with one merchant: "in one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis" and then "[a]fter a one time use of the credit card number, the number is deactivated." (Cohen at 2:35-43). The merchant for the one-time use credit card is not identified until the credit card is used for the single transaction. Therefore, the credit card is limited to a single transaction with one merchant before the merchant is identified at the time the credit card is used. *See* Exh. 1008, Grimes Dec. at ¶ 32.

d) designating said payment category thereby designating at least that a transaction code generated in accordance with said payment category can be used by only one merchant;	Cohen discloses a user designating the payment category by specifying the type(s) of limitation to apply: "a user can indicate in advance of purchase...what the single use or the customized credit card number is to be used for." (Cohen at 3:49-52). Cohen discloses that the transaction code could be limited to a single merchant: "The card could even [be] customized for use in a particular store itself..." (Cohen at 8:25-34). "[I]n one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis, after which they are disposed of, or thrown away. The numbers can be used…to effect a single transaction." (Cohen at 2:35-43) (emphasis added).
e) generating a transaction code by a processing computer of said custodial authorizing entity,	Cohen discloses that the credit card company generates transaction codes: "These credit cards or credit card numbers are generated..."; "a user dials into her credit card company before making a transaction, and...is provided with a disposable or customized number." (Cohen at 2:35-36, 3:41-45). "[A] software program can be provided to customize and/or activate the card." (Cohen at 12:51-52). *See* Exh. 1008, Grimes Dec. at ¶ 37. Cohen also discloses that the transaction code may be indicative of a specific credit card account: "[T]he customized or the disposable number is the user's regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end. This embodiment allows each customized or disposable card to be easily noted by the user to be a mere extension of his or her regular number." (Cohen at 3:28-33). Alternatively, Cohen discloses that the credit card company associates the code with the user's account number during processing. (Cohen at 3:42-46).
said transaction code reflecting at least the limits of said designated	Cohen discloses transaction codes that reflect limitations on use to purchases within various payment categories: "A customized credit card could be issued

payment category to make a purchase within said designated payment category;	to the user which is only valid for use for that particular type of charge…such that if the employee tries to use it for anything else in excess of that authorized, the charge will be declined." (Cohen at 8:25-32) (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 33.
f) communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters;	Cohen discloses that the user communicates the transaction code to the merchant: "[T]he user transmits his or her credit card information to the vendor. That vendor then verifies the transaction..." (Cohen at 5:36-37).
g) verifying that said defined purchase parameters are within said designated payment category; and	Cohen discloses verifying (i.e., ascertaining) that the purchase is within the designated payment category: "[the] vendor then verifies the transaction and obtains an authorization code from the credit card company authorizing the purchase, as is currently standard practice with credit card transactions." (Cohen at 5:37-49).
h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.	Cohen discloses that the credit card company provides the authorization for the purchase to confirm that the purchase parameters are within the designated payment category: "Upon receiving the request for verification, the credit card company notes the identity of the vendor, authorizes the transaction (if the credit card number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor." (Cohen at 5:45-49). "The card can also be customized for only particular uses or groups of uses. In this manner, the main cardholder … can determine in advance what the card can or should be used for. (Cohen at 7:66-8:2).

(iii) Dependent Claim 2

Claim	Cohen
2. The method of claim 1 further comprising the step	Cohen discloses that the user designates the single merchant after the transaction code has been generated: the user "accesses one of his or her disposable credit

of designating said single merchant subsequent to generating said transaction code.	cards" and then "the user transmits his or her credit card information to the vendor." (Cohen at 5:29-37). Accordingly, the designation occurs subsequent to generating the transaction code. *See* Exh. 1008, Grimes Dec. at ¶ 34.

(iv) Dependent Claim 3

Claim	Cohen
3. The method of claim 1 wherein said step of communicating the transaction code to said merchant to consummate said purchase within defined purchase parameters further comprises designation of said single merchant.	Cohen discloses that the user designates the single merchant when the user communicates the transaction code to the merchant: "Upon use of the card, the information regarding the transaction is transmitted to the credit card company, as is known in the art." (Cohen at 13:66-14:1). "That vendor then verifies the transaction and obtains an authorization code from the credit card company authorizing the purchase, as is currently standard practice with credit card transactions." (Cohen at 5:37-40; 2:35-43). Cohen inherently discloses that the verification of the merchant information designates the merchant as said single merchant. *See* Exh. 1008, Grimes Dec. at ¶ 36.

(v) Dependent Claim 4

Claim	Cohen
4. The method of claim 1 wherein said step of generating said transaction code further comprises said customer obtaining said transaction code.	Cohen discloses that the user obtains the transaction code: "[A] user dials into her credit card company before making a transaction, and…is provided with a disposable or customized number…." (Cohen at 3:41-45).

(vi) Dependent Claim 5

Claim	Cohen
5. The method of claim 1 further comprising obtaining said authorization for said purchase from the	Cohen discloses that the vendor obtains the authorization from the credit card company: "[The] vendor then verifies the transaction and obtains an authorization code from the credit card company

custodial authorizing entity.	authorizing the purchase, as is currently standard practice with credit card transactions." (Cohen at 5:37-49).

(vii) Dependent Claim 6

Claim	Cohen
6. The method of claim 1 further comprising a step of communicating promotional information of offered subject matter to the customer by the merchant, pre-determining the purchase parameters of the purchase, and corresponding said designated payment category to said purchase parameters.	The user has access to promotional information of the offered subject matter through the internet on the merchant website: "Many of the embodiments herein could be used in conjunction with a policy by the credit card company (or by the main cardholder or the user) in which purchases from Internet transactions, for example (or purchases over unsecure networks), are only accepted if made in conjunction with a disposable or customized credit card number." (Cohen at 3:34-39) *See* Exh. 1008, Grimes Dec. at ¶ 38. Cohen discloses that a user can select the purchase parameters of the purchase: "[A] user can indicate in advance of purchase...what the single use or the customized credit card number is to be used for." (Cohen at 3:49-52).

(viii) Dependent Claim 7

Claim	Cohen
7. The method of claim 1 further comprising the merchant communicating the transaction code to the custodial authorizing entity for verification.	Cohen discloses that the vendor transmits the transaction code to the credit card company: "Upon use of the card, the information regarding the transaction is transmitted to the credit card company, as is known in the art." (Cohen at 13:66-14:1). "That vendor then verifies the transaction and obtains an authorization code from the credit card company authorizing the purchase, as is currently standard practice with credit card transactions." (Cohen at 5:37-40).

(ix) Dependent Claim 8

Claim	Cohen
8. The method of claim 1	Cohen discloses a plurality of payment categories:

further comprising generating a transaction code which reflects at least one of a plurality of said payment categories.	"The card can also be customized for only particular uses or groups of uses." (Cohen at 7:66-67). "A customized credit card could be issued to the user which is only valid for use for that particular type of charge (computer hardware or software stores)….The card could even [be] customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants)." (Cohen at 8:25-35). "The card could be valid only for purchase…in a certain store, or group of stores or types of stores (e.g. clothing stores)…." (Cohen at 8:43-46).

(x) Dependent Claim 9

Claim	Cohen
9. The method of claim 8 further comprising defining at least one of said plurality of payment categories to include amount parameters for a cost of one or more purchases.	Cohen discloses cost amount parameters for purchases: "[T]he credit card or number could also be associated with a certain sublimit of the individual's or a corporation's credit limit." (Cohen at 5:6-8) (emphasis added). "A customized credit card could be issued to the user which is only valid...to the credit limit decided by the issuer or authorizing party at the corporation, such that if the employee tries to use it…for a charge in excess of that authorized, the charge will be declined." (Cohen at 8:25-32) (emphasis added).

(xi) Dependent Claim 10

Claim	Cohen
10. The method of claim 8 further comprising defining at least one of said plurality of payment categories to include time parameters during which the purchase can be completed.	Cohen discloses time parameters for purchases: "As an additional security, each of the disposable credit cards can be given an expiration date, e.g. the end of the month or the end of the billing cycle. Thus, if the credit card is not used within the time limit, it expires." (Cohen at 6:4-7) (emphasis added).

	"For example, the customized card could be set to be valid for a certain limited number of dates or until a certain date.…It could also be valid for a specific predetermined amount of time." (Cohen at 7:35-62) (emphasis added).

(xii) Dependent Claim 11

Claim	Cohen
11. The method of claim 8 further comprising defining at least one of said plurality of payment categories to include using said transaction code for a single transaction at a fixed amount for purchase within a predetermined period of time.	"In another embodiment, a user could be provided…with a set of disposable, one time only, or customized, limited use, numbers and/or cards, which are printed on the credit card statement for use during the next month or year, or which are mailed to the user." (Cohen at 3:56-62) (emphasis added). "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in a certain store…." (Cohen at 8:43-45) (emphasis added). "Or, the main account holder could set up the card to be capable of some fixed total amount of charges (e.g. $1000)…." (Cohen at 11:30-35) (emphasis added).

(xiii) Dependent Claim 12

Claim	Cohen
12. The method of claim 8 further comprising defining at least one of said plurality of payment categories to include using said transaction code for a single transaction at a maximum amount for purchase within a predetermined period of time.	"In another embodiment, a user could be provided…with a set of disposable, one time only, or customized, limited use, numbers and/or cards, which are printed on the credit card statement for use during the next month or year, or which are mailed to the user." (Cohen at 3:56-62) (emphasis added). "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in a certain store…." (Cohen at 8:43-45) (emphasis added). "A card can be set to have a fixed maximum per

	transaction limit." (Cohen at 10:49-50) (emphasis added).

(xiv) Dependent Claim 13

Claim	Cohen
13. The method of claim 12 further comprising defining at least one of said plurality of payment categories to include limiting purchases to said single transaction at said maximum amount for purchase within said predetermined period of time.	"In another embodiment, a user could be provided…with a set of disposable, one time only, or customized, limited use, numbers and/or cards, which are printed on the credit card statement for use during the next month or year, or which are mailed to the user." (Cohen at 3:56-62) (emphasis added). "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in a certain store…." (Cohen at 8:43-45) (emphasis added). "A card can be set to have a fixed maximum per transaction limit." (Cohen at 10:49-50) (emphasis added).

(xv) Dependent Claim 14

Claim	Cohen
14. The method of claim 8 further comprising defining at least one of said plurality of payment categories to include using said transaction code for at least two purchases at a maximum total amount for items purchased within a predetermined time period.	"[T]he card could be turned on until … some specified number of transactions are conducted using the card." (Cohen at 12:3-6) "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in…group of stores or types of stores…or types of purchases or items." (Cohen at 8:43-47) (emphasis added).

(xvi) Dependent Claim 15

Claim	Cohen
15. The method of claim 14 further comprising defining at least one of said plurality	"[T]he card could be turned on until … some specified number of transactions are conducted using the card." (Cohen at 12:3-6) "The card

of payment categories to include limiting purchases to said at least two purchases at said maximum total amount for items purchased within said predetermined time period.	could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in…group of stores or types of stores…or types of purchases or items." (Cohen at 8:43-47) (emphasis added).

(xvii) Dependent Claim 22

Claim	Cohen
22. The method of claim 1 further comprising generating said transaction code to further reflect an identification of said single merchant.	Cohen discloses a transaction code limited to a single merchant: "The card could even [be] customized for use in a particular store itself or a particular chain of stores (such as a particular restaurant, or a particular chain of restaurants)." (Cohen at 8:25-35) (emphasis added). "The card could be valid only for purchase…in a certain store, or group of stores or types of stores (e.g. clothing stores)…." (Cohen at 8:43-46) (emphasis added). "When the user receives the credit card, or when the user is ready to activate the card, the user determines…what particular uses or types of uses are desired... For example, the user may decide that he or she wants to go to a particular place or store that day." Cohen at 9:17-30

(xviii) Dependent Claim 23

Claim	Cohen
23. The method of claim 22 further comprising defining said payment category to include limiting purchases to a limited time interval during which said purchase is permitted.	Cohen discloses various time limits for purchases: "As an additional security, each of the disposable credit cards can be given an expiration date, e.g. the end of the month or the end of the billing cycle. Thus, if the credit card is not used within the time limit, it expires." (Cohen at 6:4-7) (emphasis added). "For example, the customized card could be set to be valid for a certain limited number of dates or until a certain date.… It could also be valid for a specific predetermined amount of time." (Cohen at 7:35-62) (emphasis added).

(xix) Independent Claim 24

Claim	Cohen
24. A method of performing secure credit card purchases, said method comprising:	Cohen discloses "provid[ing] improved credit cards and methods for credit card transactions ... provid[ing] methods and apparatus for secure transmission of credit card information." (Cohen at 1:48-62) (emphasis added).
a) identifying a pre-established account that is used to make credit card purchases;	Cohen discloses that a user can identify the pre-established account: "[A] user dials into her credit card company…and after providing the ordinary credit card number and verification data…." (Cohen at 3:42-45).
b) designating at least one of a plurality of pre-defined payment categories which limit a nature of a subsequent purchases, at least one of said payment categories including limiting purchases to a single merchant,	Cohen discloses various payment categories that the user can designate: "The card can also be customized for only particular uses or groups of uses." (Cohen at 7:66-67). Cohen discloses a payment category limiting transactions to a single merchant: "The card could even [be] customized for use in a particular store itself..." (Cohen at 8:25-34). "[I]n one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis, after which they are disposed of, or thrown away. The numbers can be used…to effect a single transaction." (Cohen at 2:35-43) (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 31.
said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;	Cohen discloses that the transaction code is limited to a single transaction with one merchant: "in one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis" and then "[a]fter a one time use of the credit card number, the number is deactivated." (Cohen at 2:35-43). The merchant for the one-time use credit card is not identified until the credit card is used for the single transaction. Therefore, the credit card is limited to a single transaction with one merchant before the

	merchant is identified at the time the credit card is used. *See* Exh. 1008, Grimes Dec. at ¶ 32.
c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account,	Cohen discloses that the credit card company generates transaction codes: "These credit cards or credit card numbers are generated..."; "a user dials into her credit card company before making a transaction, and...is provided with a disposable or customized number." (Cohen at 2:35-36, 3:41-45). "[A] software program can be provided to customize and/or activate the card." (Cohen at 12:51-52). *See* Exh. 1008, Grimes Dec. at ¶ 37. Cohen also discloses that the transaction code may be indicative of a specific credit card account: "[T]he customized or the disposable number is the user's regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end. This embodiment allows each customized or disposable card to be easily noted by the user to be a mere extension of his or her regular number." (Cohen at 3:28-33). Alternatively, Cohen discloses that the credit card company associates the code with the user's account number during processing. (Cohen at 3:42-46).
said transaction code associated with at least said pre-established account and the limits of said selected payment category, and different from said pre-established account;	Cohen discloses that the transaction codes could be limited in use to payment categories: "A customized credit card could be issued to the user which is <u>only valid for use for that particular type of charge</u>…such that if the employee tries to use it for anything else…in excess of that authorized, the charge will be declined." (Cohen at 8:25-32) (emphasis added). Cohen also discloses that the transaction code is associated with the pre-established account: "[T]he customized or the disposable number is the user's regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end. This embodiment allows each customized or disposable card to be easily noted by

	the user to be a mere extension of his or her regular number." (Cohen at 3:28-33). Cohen also discloses that the transaction code may be different from the user's account number. "No vendor would ever, under one embodiment of the system, receive or have access to the user's permanent credit card number." (Cohen at 4:26-28).
d) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters;	Cohen discloses that the user communicates the transaction code to the merchant: "[T]he user transmits his or her credit card information to the vendor. That vendor then verifies the transaction…." (Cohen at 5:36-37).
e) verifying that said defined purchase parameters correspond to said designated payment category; and	Cohen discloses verifying (i.e., ascertaining) that the purchase is within the designated payment category: "[the] vendor then verifies the transaction and obtains an authorization code from the credit card company authorizing the purchase, as is currently standard practice with credit card transactions." (Cohen at 5:37-49).
f) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase; and	Cohen discloses that the credit card company provides the authorization for the purchase to confirm that the purchase parameters are within the designated payment category: "Upon receiving the request for verification, the credit card company notes the identity of the vendor, authorizes the transaction (if the credit card number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor." (Cohen at 5:45-49). "The card can also be customized for only particular uses or groups of uses. In this manner, the main cardholder … can determine in advance what the card can or should be used for. (Cohen at 7:66-8:2).
g) associating the purchase with said pre-established account.	Cohen discloses associating the purchase with the pre-established account: "[T]he credit card can be marked, if desired, to show both that it has been processed to charge money to the person's account...." (Cohen at 4:36-38). "[U]pon use of the

	customized card, the funds are taken out of the user's credit card account." (Cohen at 11:9-11).

(xx) Independent Claim 25

Claim	Cohen
25. A method of performing secure credit card purchases, said method comprising:	Cohen discloses "provid[ing] improved credit cards and methods for credit card transactions ... provid[ing] methods and apparatus for secure transmission of credit card information." (Cohen at 1:48-62) (emphasis added).
a) identifying a pre-established account that is used to make credit card purchases;	Cohen discloses that a user can identify the pre-established account: "[A] user dials into her credit card company…and after providing the ordinary credit card number and verification data…." (Cohen at 3:42-45).
b) selecting a predetermined payment category which limits a nature, of a series of subsequent purchases to a single merchant,	Cohen discloses that a user can select a payment category: "[A] user can indicate in advance of purchase...what the single use or the customized credit card number is to be used for." (Cohen at 3:49-52). Cohen discloses a payment category limiting transactions to a single merchant: "The card could even [be] customized for use in a particular store itself..." (Cohen at 8:25-34). "[I]n one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis, after which they are disposed of, or thrown away. The numbers can be used…to effect a single transaction." (Cohen at 2:35-43) (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 31.
said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;	Cohen discloses that the transaction code is limited to a single transaction with one merchant: "in one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis" and then "[a]fter a one time use of the credit card number, the number is deactivated." (Cohen at 2:35-43). The merchant

	for the one-time use credit card is not identified until the credit card is used for the single transaction. Therefore, the credit card is limited to a single transaction with one merchant before the merchant is identified at the time the credit card is used. *See* Exh. 1008, Grimes Dec. at ¶ 32.
c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account,	Cohen discloses that the credit card company generates transaction codes: "These credit cards or credit card numbers are generated..."; "a user dials into her credit card company before making a transaction, and...is provided with a disposable or customized number." (Cohen at 2:35-36, 3:41-45). "[A] software program can be provided to customize and/or activate the card." (Cohen at 12:51-52). *See* Exh. 1008, Grimes Dec. at ¶ 37. Cohen also discloses that the transaction code may be indicative of a specific credit card account: "[T]he customized or the disposable number is the user's regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end. This embodiment allows each customized or disposable card to be easily noted by the user to be a mere extension of his or her regular number." (Cohen at 3:28-33). Alternatively, Cohen discloses that the credit card company associates the code with the user's account number during processing. (Cohen at 3:42-46).
said transaction code associated with at least said pre-established account and the limits of said selected payment category and different from said pre-established account;	Cohen discloses that the transaction codes could be limited in use to payment categories: "A customized credit card could be issued to the user which is only valid for use for that particular type of charge…such that if the employee tries to use it for anything else…in excess of that authorized, the charge will be declined." (Cohen at 8:25-32) (emphasis added). Cohen also discloses that the transaction code is associated with the pre-established account: "[T]he customized or the disposable number is the user's

	regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end. This embodiment allows each customized or disposable card to be easily noted by the user to be a mere extension of his or her regular number." (Cohen at 3:28-33). Cohen also discloses that the transaction code may be different from the user's account number. "No vendor would ever, under one embodiment of the system, receive or have access to the user's permanent credit card number." (Cohen at 4:26-28).
d) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters;	Cohen discloses that the user communicates the transaction code to the merchant: "[T]he user transmits his or her credit card information to the vendor. That vendor then verifies the transaction…." (Cohen at 5:36-37).
e) verifying that said defined purchase parameters correspond to said selected payment category;	Cohen discloses verifying (i.e., ascertaining) that the purchase is within the designated payment category: "[the] vendor then verifies the transaction and obtains an authorization code from the credit card company authorizing the purchase, as is currently standard practice with credit card transactions." (Cohen at 5:37-49).
f) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and	Cohen discloses that the credit card company provides the authorization for the purchase to confirm that the purchase parameters are within the designated payment category: "Upon receiving the request for verification, the credit card company notes the identity of the vendor, authorizes the transaction (if the credit card number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor." (Cohen at 5:45-49). "The card can also be customized for only particular uses or groups of uses. In this manner, the main cardholder … can determine in advance what the card can or should be used for. (Cohen at 7:66-8:2).
g) associating the purchase	Cohen discloses associating the purchase with the

with said pre-established account.	pre-established account: "[T]he credit card can be marked, if desired, to show both that it has been processed to charge money to the person's account...." (Cohen at 4:36-38). "[U]pon use of the customized card, the funds are taken out of the user's credit card account." (Cohen at 11:9-11).

(xxi) Dependent Claim 26

Claim	Cohen
26. The method of claim 25 wherein said step of selecting said payment category which limits said nature of said series of subsequent purchases to said single merchant further comprises limiting said nature of said series of subsequent purchases to a fixed amount for each of said subsequent purchases.	"The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in...group of stores or types of stores...or types of purchases or items." (Cohen at 8:43-47) (emphasis added). "Or, the main account holder could set up the card to be capable of some fixed total amount of charges (e.g. $1000)…." (Cohen at 11:30-35) (emphasis added).

(xxii) Dependent Claim 27

Claim	Cohen
27. The method of claim 25 wherein said step of selecting said payment category which limits said nature of said series of subsequent purchases to said single merchant further comprises limiting said nature of said series of subsequent purchases to a maximum total amount for said subsequent purchases.	"The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in...group of stores or types of stores...or types of purchases or items." (Cohen at 8:43-47) (emphasis added). "A card can be set to have a fixed maximum per transaction limit." (Cohen at 10:49-50) (emphasis added).

(xxiii) Dependent Claim 28

Claim	Cohen
28. The method of claim 25 wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as said single merchant.	Cohen discloses that the single merchant is identified when the merchant verifies the purchase parameters: "Upon use of the card, the information regarding the transaction is transmitted to the credit card company, as is known in the art." (Cohen at 13:66-14:1). "That vendor then verifies the transaction … Upon receiving the request for verification, the credit card company notes the identity of the vendor." (Cohen at 5:35-49). Cohen inherently discloses that the verification of the merchant information identifies the merchant as said single merchant. *See* Exh. 1008, Grimes Dec. at ¶ 35.

(xxiv) Independent Claim 29

Claim	Cohen
29. A method of performing secure credit card purchases, said method comprising the steps of:	Cohen discloses "provid[ing] improved credit cards and methods for credit card transactions ... provid[ing] methods and apparatus for secure transmission of credit card information." (Cohen at 1:48-62) (emphasis added).
a) identifying a pre-established account that is used to make credit card purchases;	Cohen discloses that a user can identify the pre-established account: "[A] user dials into her credit card company…and after providing the ordinary credit card number and verification data…." (Cohen at 3:42-45).
b) selecting a pre-determined payment category which limits a nature of a subsequent purchase to a single merchant	Cohen discloses that a user can select a payment category: "[A] user can indicate in advance of purchase...what the single use or the customized credit card number is to be used for." (Cohen at 3:49-52). Cohen discloses a payment category limiting transactions to a single merchant: "The card could even [be] customized for use in a particular store itself..." (Cohen at 8:25-34). "[I]n one embodiment…[t]hese credit cards or credit card numbers are generated for a one time,

	single transaction basis, after which they are disposed of, or thrown away. The numbers can be used…to effect a single transaction." (Cohen at 2:35-43) (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 31.
said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;	Cohen discloses that the transaction code is limited to a single transaction with one merchant: "in one embodiment…[t]hese credit cards or credit card numbers are generated for a one time, single transaction basis" and then "[a]fter a one time use of the credit card number, the number is deactivated." (Cohen at 2:35-43). The merchant for the one-time use credit card is not identified until the credit card is used for the single transaction. Therefore, the credit card is limited to a single transaction with one merchant before the merchant is identified at the time the credit card is used. *See* Exh. 1008, Grimes Dec. at ¶ 32.
c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account,	Cohen discloses that the credit card company generates transaction codes: "These credit cards or credit card numbers are generated..."; "a user dials into her credit card company before making a transaction, and...is provided with a disposable or customized number." (Cohen at 2:35-36, 3:41-45). "[A] software program can be provided to customize and/or activate the card." (Cohen at 12:51-52). *See* Exh. 1008, Grimes Dec. at ¶ 37. Cohen also discloses that the transaction code may be indicative of a specific credit card account: "[T]he customized or the disposable number is the user's regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end. This embodiment allows each customized or disposable card to be easily noted by the user to be a mere extension of his or her regular number." (Cohen at 3:28-33). Alternatively, Cohen discloses that the credit card company associates the code with the user's account number during processing. (Cohen at 3:42-

	46).
said transaction code associated with at least said pre-established account and the limits of said selected payment category, and different from said pre-established account;	Cohen discloses that the transaction codes could be limited in use to payment categories: "A customized credit card could be issued to the user which is only valid for use for that particular type of charge…such that if the employee tries to use it for anything else in…excess of that authorized, the charge will be declined." (Cohen at 8:25-32) (emphasis added). Cohen also discloses that the transaction code is associated with the pre-established account: "[T]he customized or the disposable number is the user's regular credit card number with a series of digits or alphanumeric characters either inserted therein, or tacked on at the end. This embodiment allows each customized or disposable card to be easily noted by the user to be a mere extension of his or her regular number." (Cohen at 3:28-33). Cohen also discloses that the transaction code may be different from the user's account number. "No vendor would ever, under one embodiment of the system, receive or have access to the user's permanent credit card number." (Cohen at 4:26-28).
d) designating a merchant as said single merchant;	Cohen also discloses designating a merchant by using the card at a merchant. "Upon use of the card, the information regarding the transaction is transmitted to the credit card company, as is known in the art." (Cohen at 13:66-14:1). "That vendor then verifies the transaction … Upon receiving the request for verification, the credit card company notes the identity of the vendor." (Cohen at 5:35-49). *See* Exh. 1008, Grimes Dec. at ¶ 36.
e) communicating said transaction code to said merchant to consummate a purchase within defined purchase parameters;	Cohen discloses that the user communicates the transaction code to the merchant: "[T]he user transmits his or her credit card information to the vendor. That vendor then verifies the transaction…." (Cohen at 5:36-37).
f) verifying that said	Cohen discloses verifying (i.e., ascertaining) that

defined purchase parameters correspond to said selected payment category;	the purchase is within the designated payment category: "[the] vendor then verifies the transaction and obtains an authorization code from the credit card company authorizing the purchase, as is currently standard practice with credit card transactions." (Cohen at 5:37-49).
g) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and	Cohen discloses that the credit card company provides the authorization for the purchase to confirm that the purchase parameters are within the designated payment category: "Upon receiving the request for verification, the credit card company notes the identity of the vendor, authorizes the transaction (if the credit card number is valid and the purchaser has sufficient funds available), and forwards the authorization code to the vendor." (Cohen at 5:45-49). "The card can also be customized for only particular uses or groups of uses. In this manner, the main cardholder … can determine in advance what the card can or should be used for. (Cohen at 7:66-8:2).
h) associating the purchase with said pre-established account.	Cohen discloses associating the purchase with the pre-established account: "[T]he credit card can be marked, if desired, to show both that it has been processed to charge money to the person's account...." (Cohen at 4:36-38). "[U]pon use of the customized card, the funds are taken out of the user's credit card account." (Cohen at 11:9-11).

(xxv) Dependent Claim 30

Claim	Cohen
30. The method of claim 29 wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as said single merchant.	Cohen discloses that the single merchant is identified when the merchant verifies the purchase parameters: "Upon use of the card, the information regarding the transaction is transmitted to the credit card company, as is known in the art." (Cohen at 13:66-14:1). "That vendor then verifies the transaction … Upon receiving the request for verification, the credit card company notes the

	identity of the vendor." (Cohen at 5:35-49). Cohen inherently discloses that the verification of the merchant information identifies the merchant as said single merchant. *See* Exh. 1008, Grimes Dec. at ¶ 35.

3. Ground 2: Claims 16-21 are Obvious Under 35 U.S.C. § 103 by Cohen in View of Musmanno

In assessing invalidity under Section 103, the "rationale to support a conclusion that the claim would have been obvious is that all the claimed elements were known in the prior art and one skilled in the art could have combined the elements as claimed by known methods with no change in their respective functions, and the combination yielded nothing more than predictable results to one of ordinary skill in the art." MPEP 2143, *see also KSR Intern. C. V. Teleflex Inc.*, 82 USPQ2d 1385, 1389 (2007). Such is the case here – as shown below, combining Cohen with Musmanno demonstrates that all the claimed elements were known in the prior art, and their combination yielded nothing but predictable results.

(i) Overview of Musmanno

U.S. Patent No. 5,826,243 to Musmanno et al. (Exh. 1007, "Musmanno") issued on October 20, 1994 – prior to the invention date of the '486 Patent. Accordingly, Musmanno is prior art under at least 35 U.S.C. § 102(a). Musmanno teaches a system for managing a master account and multiple vested sub-accounts to control specific recurring expenses, such as car payments and mortgage

payments. Musmanno at 2:40-47; 3:5-18; 5:26-31.

(ii) Motivation to Combine Cohen and Musmanno

Both references address methods for facilitating financial transactions. Cohen's method for employing a transaction code that is limited in use to transactions at selected vendors is a specific example of facilitating secure financial transactions. Cohen at 2:32-43. Musmanno similarly addresses a system for managing financial business transactions and fund transfers between various accounts. Musmanno at 1:5-10. More specifically, Musmanno discloses the use of repeating transactions, paid over a fixed number of payment intervals, between accounts. *Id.* at 5:26-31. Applying the repeating transaction techniques of Musmanno to the transaction code methods of Cohen with no change in their respective functions would have yielded predicable results: the use of a transaction code for repeating transactions. Thus, these references in their similar purpose of dealing with financial transactions and services, and overlapping teachings, confirm a motivation to combine Cohen and Musmanno. *See* Exh. 1008, Grimes Dec. at ¶ 51.

(iii) Dependent Claim 16

Claim	Cohen in view of Musmanno
16. The method of claim 8 further comprising defining at least one of said plurality of payment categories to include using said	Cohen in view of Musmanno discloses that the transaction code could be used repeatedly on multiple dates: "Thus, in accordance with these embodiments, the card can have a user customized range of dates or series of dates.…Likewise, the

transaction code for at least two purchases for a repeating transaction at a fixed amount payable at each of a fixed number of time intervals.	card could become valid for a series of ranges of dates, even dates which are non consecutive or non contiguous.…It could also be valid for a specific predetermined amount of time." (Cohen at 7:44-62) (emphasis added). "Or, the main account holder could set up the card to be capable of some fixed total amount of charges (e.g. $1000)…." (Cohen at 11:30-35) (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.

(iv) Dependent Claim 17

Claim	Cohen in view of Musmanno
17. The method of claim 16 further comprising defining at least one of said plurality of payment categories to include limiting purchases to said repeating transaction at said fixed amount payable at each of said fixed number of time intervals.	Cohen in view of Musmanno discloses that the transaction code could be used repeatedly on multiple dates: "Thus, in accordance with these embodiments, the card can have a user customized range of dates or series of dates.…Likewise, the card could become valid for a series of ranges of dates, even dates which are non consecutive or non contiguous.…It could also be valid for a specific predetermined amount of time." (Cohen at 7:44-62) (emphasis added). "Or, the main account holder could set up the card to be capable of some fixed total amount of charges (e.g. $1000)…." (Cohen at 11:30-35) (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount

	330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.

(v) Dependent Claim 18

Claim	Cohen in view of Musmanno
18. The method of claim 8 further comprising defining at least one of said plurality of payment categories to include using said transaction code for a repeating transaction at a fixed amount payable at each of an unspecified number of time intervals.	Cohen in view of Musmanno discloses that the transaction code could be used repeatedly on multiple dates: "Thus, in accordance with these embodiments, the card can have a user customized range of dates or series of dates.…Likewise, the card could become valid for a series of ranges of dates, even dates which are non consecutive or non contiguous." (Cohen at 7:44-56) (emphasis added). "Or, the main account holder could set up the card to be capable of some fixed total amount of charges (e.g. $1000)…." (Cohen at 11:30-35) (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.

(vi) Dependent Claim 19

Claim	Cohen in view of Musmanno
19. The method of claim 18 further comprising defining at least one of said plurality of payment categories to include limiting purchases to said repeating	Cohen in view of Musmanno discloses that the transaction code could be used repeatedly on multiple dates: "Thus, in accordance with these embodiments, the card can have a user customized range of dates or series of dates.…Likewise, the card could become valid for a series of ranges of

transaction at said fixed amount payable at each of said unspecified number of time intervals.	dates, even dates which are non consecutive or non contiguous." (Cohen at 7:44-56) (emphasis added). "Or, the main account holder could set up the card to be capable of some fixed total amount of charges (e.g. $1000)…." (Cohen at 11:30-35) (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.

(vii) Dependent Claim 20

Claim	Cohen in view of Musmanno
20. The method of claim 8 wherein said plurality of payment categories further include at least one of the group consisting of:	Cohen discloses a plurality of payment categories: "The card can also be customized for only particular uses or groups of uses." (Cohen at 7:66-67).
a) using said transaction code for a single transaction at a fixed amount for a purchase within a predetermined period of time,	"In another embodiment, a user could be provided…with a set of disposable, one time only, or customized, limited use, numbers and/or cards, which are printed on the credit card statement for use during the next month or year, or which are mailed to the user." (Cohen at 3:56-62) (emphasis added). "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in a certain store…." (Cohen at 8:43-45) (emphasis added). "Or, the main account holder could set up the card to be capable of some fixed total amount of charges (e.g. $1000)…." (Cohen at 11:30-35) (emphasis added).

b) using said transaction code for a single transaction at a maximum amount for a purchase within a predetermined period of time,	"In another embodiment, a user could be provided…with a set of disposable, one time only, or customized, limited use, numbers and/or cards, which are printed on the credit card statement for use during the next month or year, or which are mailed to the user." (Cohen at 3:56-62) (emphasis added). "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in a certain store…." (Cohen at 8:43-45) (emphasis added). "A card can be set to have a fixed maximum per transaction limit." (Cohen at 10:49-50) (emphasis added).
c) using said transaction code for multiple transactions at a maximum total amount for purchases within a predetermined time period,	"The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in...group of stores or types of stores...or types of purchases or items." (Cohen at 8:43-47) (emphasis added).
d) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of a fixed number of time intervals, and	Cohen in view of Musmanno discloses that the transaction code could be used repeatedly on multiple dates: "Thus, in accordance with these embodiments, the card can have a user customized range of dates or series of dates.…Likewise, the card could become valid for a series of ranges of dates, even dates which are non consecutive or non contiguous.…It could also be valid for a specific predetermined amount of time." (Cohen at 7:44-62) (emphasis added). "Or, the main account holder could set up the card to be capable of some fixed total amount of charges (e.g. $1000)…." (Cohen at 11:30-35) (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of

	funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.
e) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of an unspecified number of time intervals.	Cohen in view of Musmanno discloses that the transaction code could be used repeatedly on multiple dates: "Thus, in accordance with these embodiments, the card can have a user customized range of dates or series of dates.…Likewise, the card could become valid for a series of ranges of dates, even dates which are non consecutive or non contiguous." (Cohen at 7:44-56) (emphasis added). "Or, the main account holder could set up the card to be capable of some fixed total amount of charges (e.g. $1000)…." (Cohen at 11:30-35) (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.

(viii) Dependent Claim 21

Claim	Cohen in view of Musmanno
21. The method of claim 8 wherein said plurality of payment categories further include at least one of the group consisting of:	Cohen discloses a plurality of payment categories: "The card can also be customized for only particular uses or groups of uses." (Cohen at 7:66-67).
a) using said transaction code for a single transaction at a fixed amount for a purchase,	"In another embodiment, a user could be provided…with a set of disposable, one time only, or customized, limited use, numbers and/or cards." (Cohen at 3:56-62) (emphasis added). "The card could be valid only for purchase on that

	particular day, to a certain designated purchase limit, and even, if desired only in a certain store…." (Cohen at 8:43-45) (emphasis added). "Or, the main account holder could set up the card to be capable of some fixed total amount of charges (e.g. $1000)…." (Cohen at 11:30-35) (emphasis added).
b) using said transaction code for a single transaction at a maximum amount for a purchase,	"In another embodiment, a user could be provided…with a set of disposable, one time only, or customized, limited use, numbers and/or cards." (Cohen at 3:56-62) (emphasis added). "The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in a certain store…." (Cohen at 8:43-45) (emphasis added). "A card can be set to have a fixed maximum per transaction limit." (Cohen at 10:49-50) (emphasis added).
c) using said transaction code for multiple transactions at a maximum total amount for purchases,	"The card could be valid only for purchase on that particular day, to a certain designated purchase limit, and even, if desired only in...group of stores or types of stores...or types of purchases or items." (Cohen at 8:43-47) (emphasis added).
d) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of a fixed number of time intervals, and	Cohen in view of Musmanno discloses that the transaction code could be used repeatedly on multiple dates: "Thus, in accordance with these embodiments, the card can have a user customized range of dates or series of dates.…Likewise, the card could become valid for a series of ranges of dates, even dates which are non consecutive or non contiguous.…It could also be valid for a specific predetermined amount of time." (Cohen at 7:44-62) (emphasis added). "Or, the main account holder could set up the card to be capable of some fixed total amount of charges (e.g. $1000)…." (Cohen at 11:30-35) (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master

	Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.
e) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of an unspecified number of time intervals.	Cohen in view of Musmanno discloses that the transaction code could be used repeatedly on multiple dates: "Thus, in accordance with these embodiments, the card can have a user customized range of dates or series of dates.…Likewise, the card could become valid for a series of ranges of dates, even dates which are non consecutive or non contiguous." (Cohen at 7:44-56) (emphasis added). "Or, the main account holder could set up the card to be capable of some fixed total amount of charges (e.g. $1000)…." (Cohen at 11:30-35) (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.

4. Ground 3: Claims 1-15 and 22-30 are Anticipated Under 35 U.S.C. § 102 by Flitcroft

In the event the Board does not accept Petitioner's construction of "generating [a/said] transaction code," and chooses instead the Alternative Construction (*see supra* n.4), Flitcroft then squarely anticipates the cited claims, as demonstrated below.

(i) Overview of Flitcroft

U.S. Patent No. 6,636,833 to Flitcroft et al. (Exh. 1005, "Flitcroft") claims priority to: (1) U.S. Provisional Application No. 60/099,614, which was filed on September 9, 1998; (2) U.S. Provisional Application No. 60/098,175, which was filed on August 26, 1998; and (3) U.S. Provisional Application No. 60/092,500, which was filed on July 13, 1998.[7] Accordingly, Flitcroft is prior art under at least 35 U.S.C. § 102(e), and thus Petitioner contends satisfies AIA § 18(a)(1)(C).[8] Flitcroft teaches a method for secure credit card transactions that is limited in use to transactions at selected vendors. Flitcroft at 1:11-13; 6:53-60.

Flitcroft discloses that the customer contacts an authorizing entity and requests a transaction code that can be used for making secure credit card transactions. *Id.* at 14:12-13. The transaction code could be limited to purchases within a payment category, which includes one or more merchants. *Id.* at 6:53-56. Alternatively, the transaction code could be limited to purchases within a payment category that includes a single merchant. *Id.* at Abstract. The customer can then use the transaction code to make a purchase, and the purchase will be authorized if

[7] U.S. Provisional Application Nos. 60/099,614, 60/098,175, and 60/092,500 support the subject matter relied upon in Flitcroft in compliance with 35 U.S.C. 112, first paragraph.

[8] *See supra* n.6.

it is within the limits of the payment category. *Id.* at 5:5-19.

(ii) Independent Claim 1

Claim	Flitcroft
1. A method of performing secure credit card purchases, said method comprising:	"This invention relates to a credit card system and method, and more particularly, to a credit card system and method offering reduced potential of credit card number misuse." Flitcroft at 1:11-13 (emphasis added).
a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;	Flitcroft discloses that a user can contact the custodial authorizing entity: "When a customer needs single use cards, the CPU can issue the additional credit card numbers to the customer." Flitcroft at 14:12-13 and Fig. 3. "[I]t is determined whether a customer requests or an event triggers a request for additional limited-use cards or card numbers." Flitcroft at 11:15-17 and Fig. 2.
b) supplying said custodial authorizing entity with at least account identification data of said customer's account;	Flitcroft discloses that a user can identify his account data to the custodial authorizing entity: "[A] master account number would have been preferably assigned to the customer at a previous point in time. The conditions database 122 may comprise a mechanism for associating the master credit card number with the limited-use credit card number." Flitcroft at 11:6-10 and Fig. 2.
c) defining a payment category including at least limiting purchases to a single merchant for at least one transaction,	Flitcroft discloses a payment category limiting transactions to a single merchant: "This plan provides security against fraud because it is locked to a single merchant." Flitcroft at 16:53-54 (emphasis added). "A credit card system is provided which has the added feature of providing additional limited-use credit card numbers and/or cards [that] can be used for a single transaction." Flitcroft at Abstract (emphasis added). "The term 'limited-use' credit card number is used to encompass…the embodiment in which the credit card is designated for a single use." Flitcroft at

	6:53-56 (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 42.
said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;	Flitcroft discloses that the card could be limited to a single merchant, but no particular merchant is identified as the single merchant until the card is used for the first time: "When the limited-use number is limited to a specific merchant, the merchant can be…determined by first use." Flitcroft at 16:57-59 (emphasis added). "[W]herein use of the limited-use credit card number is valid for transactions with a specific merchant as determined by a first use." Flitcroft at 28:23-25 (emphasis added). Therefore, the card is limited to a single merchant before any particular merchant is identified. *See* Exh. 1008, Grimes Dec. at ¶ 43.
d) designating said payment category thereby designating at least that a transaction code generated in accordance with said payment category can be used by only one merchant;	Flitcroft discloses that the user can designate in advance the payment category: "Each limited-use credit card number can be stored with a field which identifies its master account, and various conditions regarding its use." Flitcroft at 10:16-18. "[T]he central processing unit 120 has access to a central database 122, referred to as a 'conditions' database. This database is a general purpose database which stores information regarding customers' accounts, such as information regarding various conditions which apply to each customers' account." Flitcroft at 10:3-8. Flitcroft discloses a payment category limiting transactions to a single merchant: "This plan provides security against fraud because it is locked to a single merchant." Flitcroft at 16:53-54 (emphasis added).
e) generating a transaction code by a processing computer of said custodial authorizing entity,	Flitcroft discloses that the credit card company generates a "transaction code" in the event that this phrase is construed in accordance with Petitioner's Alternative Construction: "a central processing unit (CPU) generates a database of credit card numbers"; "a credit card technique involving:

	…assigning at least one credit card number from the pool of credit card numbers to be a limited-use credit card number...” Flitcroft at 13:66-14:2; Fig. 3 at 302; 4:60-66. Flitcroft also discloses that the transaction code is indicative of a specific credit card account: “a first exemplary embodiment, which pertains to a credit card technique involving:…associating the master credit card number with the limited-use credit card number, while ensuring that the master credit card number cannot be discovered on the basis of the limited-use credit card number.” Flitcroft at 4:60-5:4.
said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category;	Flitcroft discloses transaction codes that reflect limitations on use to purchases within various payment categories: “a first exemplary embodiment, which pertains to a credit card technique involving: …assigning at least one credit card number from the pool of credit card numbers to be a limited-use credit card number which is deactivated upon a use-triggered condition subsequent.” Flitcroft at 4:60-5:1 (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 44.
f) communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters;	Flitcroft discloses both “[a]utomated or manual means for transfer of credit card information to the merchant.” Flitcroft at 19:22-23. “[A] software system receives transaction details from a merchant.” Flitcroft at 25:1-3; Figs. 7 and 8.
g) verifying that said defined purchase parameters are within said designated payment category; and	Flitcroft discloses verifying (i.e., ascertaining) that the purchase is within the designated payment category: “The technique further comprises: …determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent.” Flitcroft at 5:5-12. “Processing systems for handling limited use cards

	perform a number of functions including some or all of the following:…Verify that the transaction falls within limitations placed on the specific number." Flitcroft 23:12-17 (emphasis added).
h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.	Flitcroft discloses that the credit card company provides the authorization for the purchase to confirm that the purchase parameters are within the designated payment category: "The technique further comprises:…determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent. In one embodiment, the limited-use event is satisfied when the limited-use credit card is used only once." Flitcroft at 5:5-14. "[T]he determining step determines whether to deactivate the limited-use credit card number based on whether a limited-use event pertaining to the use of the limited-use credit card number has occurred." Flitcroft at 5:43-46.

(iii) Dependent Claim 2

Claim	Flitcroft
2. The method of claim 1 further comprising the step of designating said single merchant subsequent to generating said transaction code.	Flitcroft discloses that the user designates the single merchant after the transaction code has been generated: "The step of processing the transaction includes:…determining whether to deactivate the limited-use credit card number when the limited-use credit card number was used to perform the transaction, and generating a deactivation command in response thereto." Flitcroft at 5:38-43. Accordingly, the designation occurs subsequent to generating the transaction code. *See* Exh. 1008, Grimes Dec. at ¶ 45.

(iv) Dependent Claim 3

Claim	Flitcroft
3. The method of claim 1 wherein said step of communicating the transaction code to said merchant to consummate said purchase within defined purchase parameters further comprises designation of said single merchant.	Flitcroft discloses that the user designates the single merchant when the user communicates the transaction code to the merchant and the code is used for the purchase: "single use credit cards could then be used … for 'card present' trade where each card would be 'swiped' in the normal manner." Flitcroft at 8:14-18. The transaction code is then handled in the normal manner. "Processing systems for handling limited use cards perform a number of functions including … Verify that the transaction falls within limitations placed on the specific number." Flitcroft at 23:12-17. Flitcroft inherently discloses that the verification of the merchant information designates the merchant as said single merchant. *See* Exh. 1008, Grimes Dec. at ¶ 47.

(v) Dependent Claim 4

Claim	Flitcroft
4. The method of claim 1 wherein said step of generating said transaction code further comprises said customer obtaining said transaction code.	Flitcroft discloses that the user obtains the transaction code: "[T]he master credit card holder would be provided with either a plurality of single use additional credit card numbers or multiple use credit card numbers or single and multiple use credits cards." Flitcroft at 8:36-39. "[T]he central processing station includes the capability of transmitting the limited-use credit card numbers to customers." Flitcroft at 10:25-27 (emphasis added). "It is envisaged that there are various methods by which a credit card provider could issue the additional credit card numbers and/or credit cards to the user." Flitcroft at 17:16-18 (emphasis added).

(vi) Dependent Claim 5

Claim	Flitcroft

5. The method of claim 1 further comprising obtaining said authorization for said purchase from the custodial authorizing entity.	Flitcroft discloses that the credit card company provides the authorization for the purchase: "It is envisioned that additional credit card numbers and/or additional credit cards would be processed by merchants in the same manner as existing credit card numbers and/or credit cards with the merchant obtaining validation of the credit card number from the credit card company or authorized third party." Flitcroft 22:59-64.

(vii) Dependent Claim 6

Claim	Flitcroft
6. The method of claim 1 further comprising a step of communicating promotional information of offered subject matter to the customer by the merchant, pre-determining the purchase parameters of the purchase, and corresponding said designated payment category to said purchase parameters.	The user has access to promotional information of the offered subject matter through the internet on the merchant web page: "These numbers can be accessed for use on the Internet or for use over the phone/mail order. (Step 610). The numbers must therefore be able to be inserted directly into a web page (step 612), or printed out/copied from screen for use in other ways. (Step 614). The limited-use number can be copied, printed, pasted via the clipboard (or equivalent) or dragged-and-dropped on to a web page." Flitcroft at 21:36-43. *See* Exh. 1008, Grimes Dec. at ¶ 48. Flitcroft discloses that a user can select the purchase parameters of the purchase: "[E]ach limited-use credit card number can be stored with a field which identifies…various conditions regarding its use." Flitcroft at 10:16-18.

(viii) Dependent Claim 7

Claim	Flitcroft
7. The method of claim 1 further comprising the merchant communicating the transaction code to the custodial authorizing entity for verification.	Flitcroft discloses that the vendor seeks verification of the transaction code with the custodial authorizing entity: "It is envisioned that additional credit card numbers and/or additional credit cards would be processed by merchants in the same manner as existing credit card numbers and/or

	credit cards with the merchant obtaining validation of the credit card number from the credit card company or authorized third party." Flitcroft 22:59-64.

(ix) Dependent Claim 8

Claim	Flitcroft
8. The method of claim 1 further comprising generating a transaction code which reflects at least one of a plurality of said payment categories.	Flitcroft discloses a plurality of payment categories: "It will be appreciated that the limits that can be placed on the use of a single use credit number or a multiple use credit card number are almost limitless and those having skill in the art will consider other ways in which the use of the credit card number could be limited, whether it be by time, by amount, by geographical region, or by purpose or use (such as limited to Internet trade and so on), or by some combination of these separate criterion." Flitcroft at 8:2-10 (emphasis added). "The use-triggered condition subsequent limitations placed on limited use card numbers, i.e., transaction value limitations, number of transactions limits etc., are central to their additional flexibility and security compared to conventional credit/debit/charge cards." Flitcroft at 16:6-10.

(x) Dependent Claim 9

Claim	Flitcroft
9. The method of claim 8 further comprising defining at least one of said plurality of payment categories to include amount parameters for a cost of one or more purchases.	Flitcroft discloses cost amount parameters for purchases: "The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges which are greater than a prescribed monetary amount…individual transaction amount and total amount." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used

	to encompass at least both…a single use, and…multiple uses providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as total charges…" Flitcroft at 6:53-56 (emphasis added).

(xi) Dependent Claim 10

Claim	Flitcroft
10. The method of claim 8 further comprising defining at least one of said plurality of payment categories to include time parameters during which the purchase can be completed.	Flitcroft discloses time parameters for purchases: "The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges…which are greater than a prescribed frequency of use, and/or a combination of use frequency..." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least both…a single use, and…multiple uses providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges over a limited time period…." Flitcroft at 6:53-56 (emphasis added).

(xii) Dependent Claim 11

Claim	Flitcroft
11. The method of claim 8 further comprising defining at least one of said plurality of payment categories to include using said transaction code for a single transaction at a fixed amount for purchase within a predetermined period of time.	"The term 'limited-use' credit card number is used to encompass at least…a single use…providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges over a limited time period, total charge in a single transaction, etc." Flitcroft at 6:53-56 (emphasis added). "Also, the limited use credit card can be limited to a single use for a preset amount, e.g., $20.00. A common feature is that the limitation is based on a use-triggered condition subsequent, and not just the

	expiration date of the card." Flitcroft at 6:60-64 (emphasis added). "It will be appreciated that the limits that can be placed on the use of a single use credit number … are almost limitless … whether it be by time, by amount, frequency of use … or by some combination of these separate criterion." Flitcroft at 8:2-10 (emphasis added).

(xiii) Dependent Claim 12

Claim	Flitcroft
12. The method of claim 8 further comprising defining at least one of said plurality of payment categories to include using said transaction code for a single transaction at a maximum amount for purchase within a predetermined period of time.	"The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In one embodiment, the limited-use event is satisfied when the limited-use credit card is used only once. In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges which are greater than a prescribed monetary amount, which are greater than a prescribed frequency of use, and/or a combination of use frequency, individual transaction amount and total amount." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least…a single use…providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges over a limited time period, total charge in a single transaction, etc." Flitcroft at 6:53-56 (emphasis added).

(xiv) Dependent Claim 13

Claim	Flitcroft
13. The method of claim 12 further comprising defining at least one of said plurality of payment categories to include limiting purchases	"The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In one embodiment, the limited-use event is satisfied when the limited-use credit card is used only once. In another embodiment, the

to said single transaction at said maximum amount for purchase within said predetermined period of time.	limited-use event is satisfied when the limited-use credit card is used to accrue charges which are greater than a prescribed monetary amount, which are greater than a prescribed frequency of use, and/or a combination of use frequency, individual transaction amount and total amount." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least…a single use…providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges over a limited time period, total charge in a single transaction, etc." Flitcroft at 6:53-56 (emphasis added).

(xv) Dependent Claim 14

Claim	Flitcroft
14. The method of claim 8 further comprising defining at least one of said plurality of payment categories to include using said transaction code for at least two purchases at a maximum total amount for items purchased within a predetermined time period.	"The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges which are greater than a prescribed monetary amount, which are greater than a prescribed frequency of use, and/or a combination of use frequency, individual transaction amount and total amount." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least…multiple uses providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges over a limited time period..." Flitcroft at 6:53-56 (emphasis added).

(xvi) Dependent Claim 15

Claim	Flitcroft
15. The method of claim 14 further comprising defining	"The technique further comprises:… deactivating the limited-use credit card if a limited-use event

at least one of said plurality of payment categories to include limiting purchases to said at least two purchases at said maximum total amount for items purchased within said predetermined time period.	has occurred…In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges which are greater than a prescribed monetary amount, which are greater than a prescribed frequency of use, and/or a combination of use frequency, individual transaction amount and total amount." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least…multiple uses providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges over a limited time period..." Flitcroft at 6:53-56 (emphasis added).

(xvii) Dependent Claim 22

Claim	Flitcroft
22. The method of claim 1 further comprising generating said transaction code to further reflect an identification of said single merchant.	"[A] credit card number can be used to implement a debit plan where the credit card number is limited to a specific merchant. When the limited-use number is limited to a specific merchant, the merchant can be prearranged by the user…" Flitcroft at 16:55-59.

(xviii) Dependent Claim 23

Claim	Flitcroft
23. The method of claim 22 further comprising defining said payment category to include limiting purchases to a limited time interval during which said purchase is permitted.	Flitcroft discloses time parameters for purchases: "The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges…which are greater than a prescribed frequency of use, and/or a combination of use frequency..." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least both…a single use, and…multiple uses providing that the charges

	accrued do not exceed a prescribed threshold or thresholds, such as…total charges over a limited time period….” Flitcroft at 6:53-56 (emphasis added).

(xix) Independent Claim 24

Claim	Flitcroft
24. A method of performing secure credit card purchases, said method comprising:	“This invention relates to a credit card system and method, and more particularly, to a credit card system and method offering reduced potential of credit card number misuse.” Flitcroft at 1:11-13 (emphasis added).
a) identifying a pre-established account that is used to make credit card purchases;	Flitcroft discloses that a user can identify the pre-established account: “[A] master account number would have been preferably assigned to the customer at a previous point in time. The conditions database 122 may comprise a mechanism for associating the master credit card number with the limited-use credit card number.” Flitcroft at 11:6-10 and Fig. 2.
b) designating at least one of a plurality of pre-defined payment categories which limit a nature of a subsequent purchases, at least one of said payment categories including limiting purchases to a single merchant,	Flitcroft discloses that a user can designate the payment category in advance: “[E]ach limited-use credit card number can be stored with a field which identifies its master account, and various conditions regarding its use.” Flitcroft at 10:16-18. Flitcroft discloses a payment category limiting transaction to a single merchant: “This plan provides security against fraud because it is locked to a single merchant.” Flitcroft at 16:53-54 (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 42.
said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;	Flitcroft discloses that the card could be limited to a single merchant, but no particular merchant is identified as the single merchant until the card is used for the first time: “When the limited-use number is limited to a specific merchant, the merchant can be…determined by first use.” Flitcroft at 16:57-59 (emphasis added). “[W]herein

	use of the limited-use credit card number is valid for transactions with a specific merchant as determined by a first use." Flitcroft at 28:23-25 (emphasis added). Therefore, the card is limited to a single merchant before any particular merchant is identified. *See* Exh. 1008, Grimes Dec. at ¶ 43.
c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account,	Flitcroft discloses that the credit card company generates a "transaction code" in the event that this phrase is construed in accordance with Petitioner's Alternative Construction: "a central processing unit (CPU) generates a database of credit card numbers"; "a credit card technique involving: …assigning at least one credit card number from the pool of credit card numbers to be a limited-use credit card number..." Flitcroft at 13:66-14:2; Fig. 3 at 302; 4:60-66. Flitcroft also discloses that the transaction code is indicative of a specific credit card account: "a first exemplary embodiment, which pertains to a credit card technique involving:…associating the master credit card number with the limited-use credit card number, while ensuring that the master credit card number cannot be discovered on the basis of the limited-use credit card number." Flitcroft at 4:60-5:4.
said transaction code associated with at least said pre-established account and the limits of said selected payment category, and different from said pre-established account;	Flitcroft discloses that the transaction code is associated with and different from the pre-established account: "[A] first exemplary embodiment, which pertains to a credit card technique involving:…associating the master credit card number with the limited-use credit card number, while ensuring that the master credit card number cannot be discovered on the basis of the limited-use credit card number." Flitcroft at 4:60-5:4 (emphasis added). Flitcroft discloses that the transaction code is associated with the account: "In another embodiment,…the limited-use credit card number

	includes identical formatting to the master credit card number and is associated with the master credit card number." Flitcroft at 5:26-34.
d) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters;	Flitcroft discloses both "[a]utomated or manual means for transfer of credit card information to the merchant." Flitcroft at 19:22-23. "[A] software system receives transaction details from a merchant." Flitcroft at 25:1-3; Figs. 7 and 8.
e) verifying that said defined purchase parameters correspond to said designated payment category; and	Flitcroft discloses verifying (i.e., ascertaining) that the purchase is within the designated payment category: "The technique further comprises: …determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent." Flitcroft at 5:5-12. "Processing systems for handling limited use cards perform a number of functions including some or all of the following:…Verify that the transaction falls within limitations placed on the specific number." Flitcroft at 23:12-17 (emphasis added).
f) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase; and	Flitcroft discloses that the credit card company provides the authorization for the purchase to confirm that the purchase parameters are within the designated payment category: "The technique further comprises:…determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent. In one embodiment, the limited-use event is satisfied when the limited-use credit card is used only once." Flitcroft at 5:5-14. "[T]he determining step determines whether to deactivate the limited-use credit card number based on whether a limited-use event pertaining to the use

	of the limited-use credit card number has occurred." Flitcroft at 5:43-46.
g) associating the purchase with said pre-established account.	"Once the master account number is substituted for the limited use number a number of additional steps are required…The transaction details and master account number are then transmitted for inclusion within a database to allow for tracking of transaction details and billing of the user." Flitcroft at 25:21-31.

(xx) Independent Claim 25

Claim	Flitcroft
25. A method of performing secure credit card purchases, said method comprising:	"This invention relates to a credit card system and method, and more particularly, to a credit card system and method offering reduced potential of credit card number misuse." Flitcroft at 1:11-13 (emphasis added).
a) identifying a pre-established account that is used to make credit card purchases;	Flitcroft discloses that a user can identify the pre-established account: "[A] master account number would have been preferably assigned to the customer at a previous point in time. The conditions database 122 may comprise a mechanism for associating the master credit card number with the limited-use credit card number." Flitcroft at 11:6-10 and Fig. 2.
b) selecting a predetermined payment category which limits a nature, of a series of subsequent purchases to a single merchant,	Flitcroft discloses that a user can select the payment category in advance: "[E]ach limited-use credit card number can be stored with a field which identifies its master account, and various conditions regarding its use." Flitcroft at 10:16-18. Flitcroft discloses a payment category limiting transaction to a single merchant: "This plan provides security against fraud because it is locked to a single merchant." Flitcroft at 16:53-54 (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 42.
said single merchant limitation being included in	Flitcroft discloses that the card could be limited to a single merchant, but no particular merchant is

said payment category prior to any particular merchant being identified as said single merchant;	identified as the single merchant until the card is used for the first time: "When the limited-use number is limited to a specific merchant, the merchant can be…determined by first use." Flitcroft at 16:57-59 (emphasis added). "[W]herein use of the limited-use credit card number is valid for transactions with a specific merchant as determined by a first use." Flitcroft at 28:23-25 (emphasis added). Therefore, the card is limited to a single merchant before any particular merchant is identified. *See* Exh. 1008, Grimes Dec. at ¶ 43.
c) generating a transaction code by a processing computer of a custodial authorizing entity of said pre-established account,	Flitcroft discloses that the credit card company generates a "transaction code" in the event that this phrase is construed in accordance with Petitioner's Alternative Construction: "a central processing unit (CPU) generates a database of credit card numbers"; "a credit card technique involving: …assigning at least one credit card number from the pool of credit card numbers to be a limited-use credit card number..." Flitcroft at 13:66-14:2; Fig. 3 at 302; 4:60-66. Flitcroft also discloses that the transaction code is indicative of a specific credit card account: "a first exemplary embodiment, which pertains to a credit card technique involving:…associating the master credit card number with the limited-use credit card number, while ensuring that the master credit card number cannot be discovered on the basis of the limited-use credit card number." Flitcroft at 4:60-5:4.
said transaction code associated with at least said pre-established account and the limits of said selected payment category and different from said pre-established account;	Flitcroft discloses that the transaction code is associated with and different from the pre-established account: "[A] first exemplary embodiment, which pertains to a credit card technique involving:…associating the master credit card number with the limited-use credit card number, while ensuring that the master credit card number cannot be discovered on the basis of the

	limited-use credit card number." Flitcroft at 4:60-5:4 (emphasis added). Flitcroft discloses that the transaction code is associated with the account: "In another embodiment,…the limited-use credit card number includes identical formatting to the master credit card number and is associated with the master credit card number." Flitcroft at 5:26-34.
d) communicating said transaction code to a merchant to consummate a purchase within defined purchase parameters;	Flitcroft discloses both "[a]utomated or manual means for transfer of credit card information to the merchant." Flitcroft at 19:22-23. "[A] software system receives transaction details from a merchant." Flitcroft at 25:1-3; Figs. 7 and 8.
e) verifying that said defined purchase parameters correspond to said selected payment category;	Flitcroft discloses verifying (i.e., ascertaining) that the purchase is within the designated payment category: "The technique further comprises: …determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent." Flitcroft at 5:5-12. "Processing systems for handling limited use cards perform a number of functions including some or all of the following:…Verify that the transaction falls within limitations placed on the specific number." Flitcroft at 23:12-17 (emphasis added).
f) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and	Flitcroft discloses that the credit card company provides the authorization for the purchase to confirm that the purchase parameters are within the designated payment category: "The technique further comprises:…determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent. In one embodiment, the

	limited-use event is satisfied when the limited-use credit card is used only once." Flitcroft at 5:5-14. "[T]he determining step determines whether to deactivate the limited-use credit card number based on whether a limited-use event pertaining to the use of the limited-use credit card number has occurred." Flitcroft at 5:43-46.
g) associating the purchase with said pre-established account.	"Once the master account number is substituted for the limited use number a number of additional steps are required…The transaction details and master account number are then transmitted for inclusion within a database to allow for tracking of transaction details and billing of the user." Flitcroft at 25:21-31.

(xxi) Dependent Claim 26

Claim	Flitcroft
26. The method of claim 25 wherein said step of selecting said payment category which limits said nature of said series of subsequent purchases to said single merchant further comprises limiting said nature of said series of subsequent purchases to a fixed amount for each of said subsequent purchases.	Flitcroft discloses that the transaction code could be used for a fixed amount on multiple purchases, e.g., five transactions of $50 each: "A second embodiment of the invention provides the master credit card holder with an additional credit card number…the multiple use credit card number could be limited to, for example, five uses with a credit limit not exceeding $100 in each transaction and an aggregate credit limit not exceeding $400." Flitcroft at 7:55-66 (emphasis added).

(xxii) Dependent Claim 27

Claim	Flitcroft
27. The method of claim 25 wherein said step of selecting said payment category which limits said nature of said series of subsequent purchases to	"The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges which are greater than a prescribed monetary amount, which are

said single merchant further comprises limiting said nature of said series of subsequent purchases to a maximum total amount for said subsequent purchases.	greater than a prescribed frequency of use, and/or a combination of use frequency, individual transaction amount and total amount." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least…multiple uses providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges..." Flitcroft at 6:53-56 (emphasis added).

(xxiii) Dependent Claim 28

Claim	Flitcroft
28. The method of claim 25 wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as said single merchant.	Flitcroft discloses that the single merchant is identified when the merchant verifies the purchase parameters: "Processing systems for handling limited use cards perform a number of functions including some or all of the following:…Provide authorization to the merchant if valid and within the limitations for specified number and associated account." Flitcroft 23:12-23. Flitcroft inherently discloses that the verification of the merchant information identifies the merchant as said single merchant. *See* Exh. 1008, Grimes Dec. at ¶ 46.

(xxiv) Independent Claim 29

Claim	Flitcroft
29. A method of performing secure credit card purchases, said method comprising the steps of:	"This invention relates to a credit card system and method, and more particularly, to a credit card system and method offering reduced potential of credit card number misuse." Flitcroft at 1:11-13 (emphasis added).
a) identifying a pre-established account that is used to make credit card purchases;	Flitcroft discloses that a user can identify the pre-established account: "[A] master account number would have been preferably assigned to the customer at a previous point in time. The conditions database 122 may comprise a mechanism for associating the master credit card number with the limited-use credit card number."

	Flitcroft at 11:6-10 and Fig. 2.
b) selecting a pre-determined payment category which limits a nature of a subsequent purchase to a single merchant	Flitcroft discloses that a user can select the payment category in advance: "[E]ach limited-use credit card number can be stored with a field which identifies its master account, and various conditions regarding its use." Flitcroft at 10:16-18. Flitcroft discloses a payment category limiting transaction to a single merchant: "This plan provides security against fraud because it is locked to a single merchant." Flitcroft at 16:53-54 (emphasis added). "A credit card system is provided which has the added feature of providing additional limited-use credit card numbers and/or cards [that] can be used for a single transaction." Flitcroft at Abstract (emphasis added). "The term 'limited-use' credit card number is used to encompass…the embodiment in which the credit card is designated for a single use." Flitcroft at 6:53-56 (emphasis added). *See* Exh. 1008, Grimes Dec. at ¶ 42.
said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;	Flitcroft discloses that the card could be limited to a single merchant, but no particular merchant is identified as the single merchant until the card is used for the first time: "When the limited-use number is limited to a specific merchant, the merchant can be…determined by first use." Flitcroft at 16:57-59 (emphasis added). "[W]herein use of the limited-use credit card number is valid for transactions with a specific merchant as determined by a first use." Flitcroft at 28:23-25 (emphasis added). Therefore, the card is limited to a single merchant before any particular merchant is identified. *See* Exh. 1008, Grimes Dec. at ¶ 43.
c) generating a transaction code by a processing computer of a custodial authorizing entity of said	Flitcroft discloses that the credit card company generates a "transaction code" in the event that this phrase is construed in accordance with Petitioner's Alternative Construction: "a central processing unit

pre-established account,	(CPU) generates a database of credit card numbers"; "a credit card technique involving: …assigning at least one credit card number from the pool of credit card numbers to be a limited-use credit card number..." Flitcroft at 13:66-14:2; Fig. 3 at 302; 4:60-66. Flitcroft also discloses that the transaction code is indicative of a specific credit card account: "a first exemplary embodiment, which pertains to a credit card technique involving:…associating the master credit card number with the limited-use credit card number, while ensuring that the master credit card number cannot be discovered on the basis of the limited-use credit card number." Flitcroft at 4:60-5:4.
said transaction code associated with at least said pre-established account and the limits of said selected payment category, and different from said pre-established account;	Flitcroft discloses that the transaction code is associated with and different from the pre-established account: "[A] first exemplary embodiment, which pertains to a credit card technique involving:…<u>associating the master credit card number with the limited-use credit card number</u>, while ensuring that the master credit card number cannot be discovered on the basis of the limited-use credit card number." Flitcroft at 4:60-5:4 (emphasis added). Flitcroft discloses that the transaction code is associated with the account: "In another embodiment,…the limited-use credit card number includes identical formatting to the master credit card number and is associated with the master credit card number." Flitcroft at 5:26-34.
d) designating a merchant as said single merchant;	The user chooses where to use the transaction code for a purchase: "single use credit cards could then be used … for 'card present' trade where each card would be 'swiped' in the normal manner." Flitcroft at 8:14-18. The transaction code is then handled in the normal manner. "Processing systems for handling limited use cards perform a number of functions including … Verify that the transaction

	falls within limitations placed on the specific number." Flitcroft at 23:12-17. *See* Exh. 1008, Grimes Dec. at ¶ 47.
e) communicating said transaction code to said merchant to consummate a purchase within defined purchase parameters;	Flitcroft discloses both "[a]utomated or manual means for transfer of credit card information to the merchant." Flitcroft at 19:22-23. "[A] software system receives transaction details from a merchant." Flitcroft at 25:1-3; Figs. 7 and 8.
f) verifying that said defined purchase parameters correspond to said selected payment category;	Flitcroft discloses verifying (i.e., ascertaining) that the purchase is within the designated payment category: "The technique further comprises: …determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent." Flitcroft at 5:5-12. "Processing systems for handling limited use cards perform a number of functions including some or all of the following:…Verify that the transaction falls within limitations placed on the specific number." Flitcroft at 23:12-17 (emphasis added).
g) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said selected payment category and to authorize payment required to complete the purchase; and	Flitcroft discloses that the credit card company provides the authorization for the purchase to confirm that the purchase parameters are within the designated payment category: "The technique further comprises:…determining whether a limited-use event has occurred based on the notification, and if so, generating a deactivation command; and deactivating the limited-use credit card if a limited-use event has occurred, based on the deactivation command which is generated upon a use-triggered condition subsequent. In one embodiment, the limited-use event is satisfied when the limited-use credit card is used only once." Flitcroft at 5:5-14. "[T]he determining step determines whether to deactivate the limited-use credit card number based on whether a limited-use event pertaining to the use

	of the limited-use credit card number has occurred." Flitcroft at 5:43-46.
h) associating the purchase with said pre-established account.	"Once the master account number is substituted for the limited use number a number of additional steps are required…The transaction details and master account number are then transmitted for inclusion within a database to allow for tracking of transaction details and billing of the user." Flitcroft at 25:21-31.

(xxv) Dependent Claim 30

Claim	Flitcroft
30. The method of claim 29 wherein said step of verifying that said defined purchase parameters correspond to said selected payment category further identifies said merchant as said single merchant.	Flitcroft discloses that the single merchant is identified when the merchant verifies the purchase parameters: "Processing systems for handling limited use cards perform a number of functions including some or all of the following:…Provide authorization to the merchant if valid and within the limitations for specified number and associated account." Flitcroft 23:12-23. Flitcroft inherently discloses that the verification of the merchant information identifies the merchant as said single merchant. *See* Exh. 1008, Grimes Dec. at ¶ 46.

5. **Ground 4: Claims 16-21 are Obvious Under 35 U.S.C. § 103 by Flitcroft in View of Musmanno**

(i) Overview of Musmanno

U.S. Patent No. 5,826,243 to Musmanno et al. (Exh. 1007, "Musmanno") issued on October 20, 1994 – prior to the invention date of the '486 Patent. Accordingly, Musmanno is prior art under at least 35 U.S.C. § 102(a). Musmanno teaches a system for managing a master account and multiple vested sub-accounts to control specific recurring expenses, such as car payments and mortgage

payments. Musmanno at 2:40-47; 3:5-18; 5:26-31.

(ii) Motivation to Combine Flitcroft and Musmanno

Both references address methods for facilitating financial transactions. Flitcroft teaches a method for limited-use credit card transactions through the use of a transaction code that is restricted to transactions at selected vendors. Flitcroft at 1:11-13; 6:53-60. Musmanno similarly addresses a system for managing financial business transactions and fund transfers between various accounts. Musmanno at 1:5-10. More specifically, Musmanno discloses the use of repeating transactions, paid over a fixed number of payment intervals, between accounts. *Id.* 5:26-31. Applying the repeating transaction techniques of Musmanno to the transaction code methods of Flitcroft with no change in their respective functions would have yielded predicable results: the use of a transaction code for repeating transactions. Thus, these references in their similar purpose of dealing with financial transactions and services, and overlapping teachings, confirm a motivation to combine Flitcroft and Musmanno. *See supra* Section V.A.3; *see also* Exh. 1008, Grimes Dec. at ¶ 53.

(iii) Dependent Claim 16

Claim	Flitcroft in view of Musmanno
16. The method of claim 8 further comprising defining at least one of said plurality of payment categories to include using said	Flitcroft in view of Musmanno discloses that the transaction code could be used repeatedly on multiple occasions: "A second embodiment of the invention provides the master credit card holder with an additional credit card number…[which]

transaction code for at least two purchases for a repeating transaction at a fixed amount payable at each of a fixed number of time intervals.	could have…a credit limit such that when the aggregate amount of a series of transactions exceeded a specific credit limit that the credit card number would be canceled, invalidated or in some other way deactivated…the multiple use credit card number could be limited to, for example, five uses with a credit limit not exceeding $100 in each transaction and an aggregate credit limit not exceeding $400." Flitcroft at 7:55-66 (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.

(iv) Dependent Claim 17

Claim	Flitcroft in view of Musmanno
17. The method of claim 16 further comprising defining at least one of said plurality of payment categories to include limiting purchases to said repeating transaction at said fixed amount payable at each of said fixed number of time intervals.	Flitcroft in view of Musmanno discloses that the transaction code could be used repeatedly on multiple occasions, e.g., five payments of $50 each: "A second embodiment of the invention provides the master credit card holder with an additional credit card number…[which] could have…a credit limit such that when the aggregate amount of a series of transactions exceeded a specific credit limit that the credit card number would be canceled, invalidated or in some other way deactivated…the multiple use credit card number could be limited to, for example, five uses with a credit limit not exceeding $100 in each transaction and an aggregate credit limit not exceeding $400." Flitcroft at 7:55-66 (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master

	Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.

(v) Dependent Claim 18

Claim	Flitcroft in view of Musmanno
18. The method of claim 8 further comprising defining at least one of said plurality of payment categories to include using said transaction code for a repeating transaction at a fixed amount payable at each of an unspecified number of time intervals.	Flitcroft in view of Musmanno discloses that a single transaction code could be issued and used repeatedly on multiple occasions: "Processing systems for handling limited use cards perform a number of functions including some or all of the following:…Permit later transactions to be charged to a limited use number…only if the transaction is generated by the same merchant that obtained pre-authorization for the same transaction." Flitcroft 23:12-27. Flitcroft also discloses that multiple transaction codes could be issued and used repeatedly on multiple occasions: "An additional limited use number can be automatically issued if a continual supply of single use numbers is required." Flitcroft 25:26-28. "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.

(vi) Dependent Claim 19

Claim	Flitcroft in view of Musmanno

19. The method of claim 18 further comprising defining at least one of said plurality of payment categories to include limiting purchases to said repeating transaction at said fixed amount payable at each of said unspecified number of time intervals.	Flitcroft in view of Musmanno discloses that a single transaction code could be issued and used repeatedly on multiple occasions: "Processing systems for handling limited use cards perform a number of functions including some or all of the following:…Permit later transactions to be charged to a limited use number…only if the transaction is generated by the same merchant that obtained pre-authorization for the same transaction." Flitcroft 23:12-27. Flitcroft also discloses that multiple transaction codes could be issued and used repeatedly on multiple occasions: "An additional limited use number can be automatically issued if a continual supply of single use numbers is required." Flitcroft 25:26-28. "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.

(vii) Dependent Claim 20

Claim	Flitcroft in view of Musmanno
20. The method of claim 8 wherein said plurality of payment categories further include at least one of the group consisting of:	Flitcroft discloses a plurality of payment categories: "It will be appreciated that the limits that can be placed on the use of a single use credit number or a multiple use credit card number are almost limitless and those having skill in the art will consider other ways in which the use of the credit card number could be limited." Flitcroft at 8:2-7 (emphasis added).
a) using said transaction code for a single transaction at a fixed	"The term 'limited-use' credit card number is used to encompass at least…a single use…providing that the charges accrued do not exceed a prescribed

amount for a purchase within a predetermined period of time,	threshold or thresholds, such as…total charges over a limited time period, total charge in a single transaction, etc." Flitcroft at 6:53-56 (emphasis added). "Also, the limited use credit card can be limited to a single use for a preset amount, e.g., $20.00. A common feature is that the limitation is based on a use-triggered condition subsequent, and not just the expiration date of the card." Flitcroft at 6:60-64 (emphasis added). "It will be appreciated that the limits that can be placed on the use of a single use credit number … are almost limitless … whether it be by time, by amount, frequency of use … or by some combination of these separate criterion." Flitcroft at 8:2-10 (emphasis added).
b) using said transaction code for a single transaction at a maximum amount for a purchase within a predetermined period of time,	"The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In one embodiment, the limited-use event is satisfied when the limited-use credit card is used only once. In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges which are greater than a prescribed monetary amount, which are greater than a prescribed frequency of use, and/or a combination of use frequency, individual transaction amount and total amount." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least…a single use…providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges over a limited time period, total charge in a single transaction, etc." Flitcroft at 6:53-56 (emphasis added).
c) using said transaction code for multiple transactions at a maximum total amount for purchases	"The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In another embodiment, the limited-use event is satisfied when the limited-use credit

within a predetermined time period,	card is used to accrue charges which are greater than a prescribed monetary amount, which are greater than a prescribed frequency of use, and/or a combination of use frequency, individual transaction amount and total amount." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least…multiple uses providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges over a limited time period..." Flitcroft at 6:53-56 (emphasis added).
d) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of a fixed number of time intervals, and	Flitcroft in view of Musmanno discloses that the transaction code could be used repeatedly on multiple occasions: "A second embodiment of the invention provides the master credit card holder with an additional credit card number…[which] could have…a credit limit such that when the aggregate amount of a series of transactions exceeded a specific credit limit that the credit card number would be canceled, invalidated or in some other way deactivated…the multiple use credit card number could be limited to, for example, five uses with a credit limit not exceeding $100 in each transaction and an aggregate credit limit not exceeding $400." Flitcroft at 7:55-66 (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.
e) using said transaction code for a repeating transaction at a fixed	Flitcroft in view of Musmanno discloses that a single transaction code could be issued and used repeatedly on multiple occasions: "Processing

amount for purchases payable at each of an unspecified number of time intervals.	systems for handling limited use cards perform a number of functions including some or all of the following:…Permit later transactions to be charged to a limited use number…only if the transaction is generated by the same merchant that obtained pre-authorization for the same transaction." Flitcroft 23:12-27. Flitcroft also discloses that multiple transaction codes could be issued and used repeatedly on multiple occasions: "An additional limited use number can be automatically issued if a continual supply of single use numbers is required." Flitcroft 25:26-28. "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.

(viii) Dependent Claim 21

Claim	Flitcroft in view of Musmanno
21. The method of claim 8 wherein said plurality of payment categories further include at least one of the group consisting of:	Flitcroft discloses a plurality of payment categories: "It will be appreciated that the limits that can be placed on the use of a single use credit number or a multiple use credit card number are almost limitless and those having skill in the art will consider other ways in which the use of the credit card number could be limited." Flitcroft at 8:2-7 (emphasis added).
a) using said transaction code for a single transaction at a fixed amount for a purchase,	"The term 'limited-use' credit card number is used to encompass at least…a single use…providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charge in a single transaction, etc." Flitcroft at 6:53-56 (emphasis added).

	"Also, the limited use credit card can be limited to a single use for a preset amount, e.g., $20.00. A common feature is that the limitation is based on a use-triggered condition subsequent, and not just the expiration date of the card." Flitcroft at 6:60-64 (emphasis added). "It will be appreciated that the limits that can be placed on the use of a single use credit number … are almost limitless … whether it be by time, by amount, frequency of use … or by some combination of these separate criterion." Flitcroft at 8:2-10 (emphasis added).
b) using said transaction code for a single transaction at a maximum amount for a purchase,	"The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In one embodiment, the limited-use event is satisfied when the limited-use credit card is used only once. In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges which are greater than a prescribed monetary amount." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least…a single use…providing that the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charge in a single transaction, etc." Flitcroft at 6:53-56 (emphasis added).
c) using said transaction code for multiple transactions at a maximum total amount for purchases,	"The technique further comprises:… deactivating the limited-use credit card if a limited-use event has occurred…In another embodiment, the limited-use event is satisfied when the limited-use credit card is used to accrue charges which are greater than a prescribed monetary amount, which are greater than a prescribed frequency of use, and/or a combination of use frequency, individual transaction amount and total amount." Flitcroft at 5:5-19 (emphasis added). "The term 'limited-use' credit card number is used to encompass at least…multiple uses providing that

	the charges accrued do not exceed a prescribed threshold or thresholds, such as…total charges..." Flitcroft at 6:53-56 (emphasis added).
d) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of a fixed number of time intervals, and	Flitcroft in view of Musmanno discloses that the transaction code could be used repeatedly on multiple occasions: "A second embodiment of the invention provides the master credit card holder with an additional credit card number…[which] could have…a credit limit such that when the aggregate amount of a series of transactions exceeded a specific credit limit that the credit card number would be canceled, invalidated or in some other way deactivated…the multiple use credit card number could be limited to, for example, five uses with a credit limit not exceeding $100 in each transaction and an aggregate credit limit not exceeding $400." Flitcroft at 7:55-66 (emphasis added). "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.
e) using said transaction code for a repeating transaction at a fixed amount for purchases payable at each of an unspecified number of time intervals.	Flitcroft in view of Musmanno discloses that a single transaction code could be issued and used repeatedly on multiple occasions: "Processing systems for handling limited use cards perform a number of functions including some or all of the following:…Permit later transactions to be charged to a limited use number…only if the transaction is generated by the same merchant that obtained pre-authorization for the same transaction." Flitcroft 23:12-27. Flitcroft also discloses that multiple transaction codes could be issued and used repeatedly on

	multiple occasions: "An additional limited use number can be automatically issued if a continual supply of single use numbers is required." Flitcroft 25:26-28. "[T]he accounts have been set up to have an automatic transfer of funds from the Master Account 20 to the Mortgage Subaccount 310, the Car Subaccount 320 and the Tuition Subaccount 330 every 14 days and an automatic transfer of funds to the Master Account 20 from the Mortgage Subaccount 310 and the Car Subaccount 320 on the 28th day of each month." Musmanno at 5:53-59. *See* Exh. 1008, Grimes Dec. at ¶ 54.

VI. CONCLUSION

For at least the reasons set forth above, Petitioner requests institution of a covered business method patent review of the '486 Patent because this Petition would, if unrebutted, demonstrate it is more likely than not that at least one of the claims is unpatentable. It is therefore respectfully submitted that this Petition be granted. If there are any questions, Petitioner's counsel may be contacted at the telephone number below. Please direct all correspondence to the undersigned.

Pursuant to §§ 40.304 and 40.302(b), Petitioner, Petitioner's real party in interest, and Petitioner's privies are not estopped from challenging the claims on the grounds identified in this Petition. As identified in the attached Certificate of Service and in accordance with §§ 1.33(c), 42.205, and 42.300, a copy of the present Petition, in its entirety, is being served on the patent owner at the correspondence address of record for the subject patent as reflected in the publicly-

available records of the United States Patent and Trademark Office as designated in the Office's Patent Application Information Retrieval system.

Payment of the required fees were submitted by credit card. The Director is hereby authorized to charge any deficiency in the fees filed (or with any paper hereafter filed in this proceeding by this firm) to our Deposit Account 02-4377, Ref. No.: 070457.2793.

September 17, 2013

Respectfully submitted,
BAKER BOTTS LLP

/s/ Robert Scheinfeld

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ATTORNEYS FOR PETITIONER MASTERCARD INTERNATIONAL INCORPORATED

CERTIFICATE OF SERVICE ON PATENT OWNER
UNDER 37 C.F.R. § 42.205

Pursuant to 37 C.F.R. § 42.205, the undersigned certifies that on the 17th day of September 2013, a complete and entire copy of this Petition for Covered Business Method Patent Review under 35 U.S.C. § 321 and 37 C.F.R. § 42.304, and all supporting exhibits were provided via Federal Express, postage prepaid, to the Patent Owner and its known representatives by serving the correspondence address of record for the '486 Patent holder and the patent holder's counsel:

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ATTORNEYS FOR PETITIONER MASTERCARD INTERNATIONAL INCORPORATED

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Paper 10
Entered: March 7, 2014

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MASTERCARD INTERNATIONAL INCORPORATED
Petitioner

v.

JOHN D'AGOSTINO
Patent Owner

Case CBM2013-00058
Patent 7,840,486

Before SALLY C. MEDLEY, KARL D. EASTHOM, and KALYAN K. DESHPANDE, *Administrative Patent Judges*.

DESHPANDE, *Administrative Patent Judge*.

DECISION
Denying Institution of Covered Business Method Patent Review
37 C.F.R. § 42.208

I. INTRODUCTION

MasterCard International Incorporated ("Petitioner") filed a petition ("Pet.") requesting a review under the transitional program for covered business method patents of U.S. Patent No. 7,840,486 B2 (Ex. 1001, "the '486 patent"). Paper 5. John D'Agostino ("Patent Owner") filed a preliminary response ("Prelim. Resp."). Paper 9. The Board has jurisdiction under 35 U.S.C. § 324.[1]

The standard for instituting a covered business method patent review is set forth in 35 U.S.C. § 324(a), which provides as follows:

> THRESHOLD—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

Petitioner challenges the patentability of claims 1-30 of the '486 patent under 35 U.S.C. §§ 102 and 103. Taking into account Patent Owner's preliminary response, we determine that the information presented in the petition does not demonstrate that it is more likely than not that the challenged claims are unpatentable. Pursuant to 35 U.S.C. § 324(a), we deny the institution of a covered business method patent review as to claims 1-30 of the '486 patent.

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[1] *See* Section 18(a) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) ("AIA").

A. The '486 Patent

The '486 patent discloses a method and system of performing secure credit card purchases. Ex. 1001, Abstract. The method and system increase overall security by minimizing access to credit card numbers, without having to substantially deviate from existing credit card transaction practices. *Id*. at col. 1, ll. 13-23.

Figure 3 of the '486 patent follows:

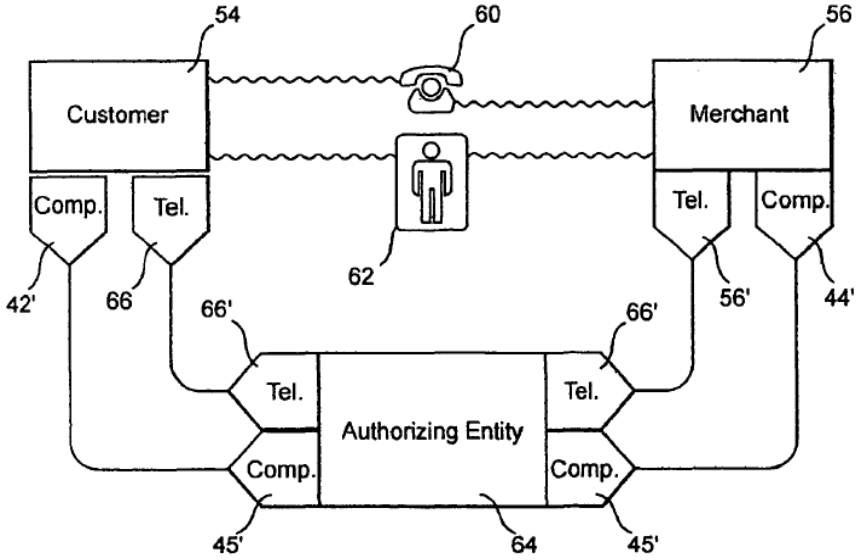

FIG. 3

Figure 3 schematically represents a secure credit card transaction system, where the customer-to-merchant contact is by phone or in person. As shown above in Figure 3, customer 54 receives promotional information from merchant 56, either by telephone 60 or in person 62. *Id*. at col. 7, ll. 25-30. Customer 54 then contacts custodial authorizing entity 64, by either telephone 66' or computer 45', for authorization. *Id*. at col. 7, ll. 30-38.

After confirming authorization, authorizing entity 64 establishes details of the anticipated transaction to determine a payment category, and then issues a transaction code to the customer. *Id*. at col. 7, ll. 38-41. The customer can utilize the transaction code to consummate a transaction within the defined parameters of the payment category, and the merchant can obtain verification and subsequent payment utilizing the transaction code only. *Id*. at col. 7, ll. 41-50.

B. Related Matters

Petitioner and Patent Owner identify the following related district court proceeding involving the '486 Patent and in which Petitioner is a party: *John D'Agostino v. MasterCard, Inc. et al.*, Case No. 1:13-cv-00738 (D. Del, filed April 26, 2013). Pet. 5; Prelim. Resp. 3; Ex. 1007 ("Complaint for Patent Infringement").

In a related PTAB proceeding, CBM2013-00057, Petitioner seeks review of U.S. Patent No. 8,036,988 B2, which claims priority to the '486 patent. Pet. 5. Petitioner and Patent Owner also identify the '988 patent as the subject of Ex Parte Reexamination proceeding No. 90/012,517. Pet 5-6; Prelim. Resp. 14-22; Ex. 1003 ("Ex Parte Reexamination Office Action").

C. Illustrative Claim

Petitioner challenges claims 1-30 of the '486 patent. Claims 1, 24, 25, and 29 are independent claims. Claim 1 is illustrative of the claims at issue and follows:

> 1. A method of performing secure credit card purchases, said method comprising:

a) contacting a custodial authorizing entity having custodial responsibility of account parameters of a customer's account that is used to make credit card purchases;

b) supplying said custodial authorizing entity with at least account identification data of said customer's account;

c) defining a payment category including at least limiting purchases to a single merchant for at least one transaction, said single merchant limitation being included in said payment category prior to any particular merchant being identified as said single merchant;

d) designating said payment category thereby designating at least that a transaction code generated in accordance with said payment category can be used by only one merchant;

e) generating a transaction code by a processing computer of said custodial authorizing entity, said transaction code reflecting at least the limits of said designated payment category to make a purchase within said designated payment category;

f) communicating said transaction code to a merchant to consummate a purchase with defined purchase parameters;

g) verifying that said defined purchase parameters are within said designated payment category; and

h) providing authorization for said purchase so as to confirm at least that said defined purchase parameters are within said designated payment category and to authorize payment required to complete the purchase.

D. The Alleged Grounds of Unpatentability

The information presented in the Petition sets forth Petitioner's contentions of unpatentability of claims 1-30 of the '486 patent under 35 U.S.C. §§ 102 and 103, as follows (*see* Pet. 6-7, 15-79):

Reference(s)	Basis	Challenged Claims
Cohen[2]	§ 102(e)	1-15 and 22-30
Cohen and Musmanno[3]	§ 103	16-21
Flitcroft[4]	§ 102(e)	1-15 and 22-30
Flitcroft and Musmanno	§ 103	16-21

II. ANALYSIS

A. Covered Business Method Patent

As indicated above, claim 1 recites "a method of performing secure credit card purchases." We determine that the '486 Patent is a 'covered business method patent' under § 18(d)(1) of the "AIA." *See* note 1; Pet. 3-5 (quoting and discussing § 18(d)(1)). As Petitioner contends, we determine that "the subject matter as a whole solves no 'technical problem,' and instead is directed to a method of carrying out a financial transaction." *See* Pet. 4. Patent Owner does not challenge Petitioner's contention.

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[2] U.S. Patent No. 6,422,462 B1 (Ex. 1004) ("Cohen").
[3] U.S. Patent No. 5,826,243 (Ex. 1006) ("Musmanno").
[4] U.S. Patent No. 6,636,833 B1(Ex. 1005) ("Flitcroft").

Specifically, claim 1 is directed to securely transacting credit card purchases. The method includes a custodial authorizing entity that provides a transaction code in order to facilitate a transaction between a customer and a merchant. We determine that a claim for "transacting credit card purchases" that includes a custodial authorizing entity to facilitate a transaction between a customer and merchant is expressly financial in nature. Accordingly, we determine that the '486 patent is a 'covered business method patent' under § 18(d)(1) of the AIA.

B. Unpatentability under 35 U.S.C. §§ 102 and 103

Petitioner contends that claims 1-15 and 22-30 of the '486 patent are unpatentable under 35 U.S.C. § 102(e) as anticipated by Cohen or Flitcroft, and claims 16-21 are unpatentable under 35 U.S.C. § 103 as obvious over Cohen or Flitcroft, and Musmanno. Pet. 14-79.

1. Section 18(a)(1)(C)

Under section 18(a)(1)(C) of the AIA, a petitioner in a transitional proceeding who challenges the validity of one or more claims in a covered business method patent on grounds of unpatentability raised under §§ 102 and 103 may only support such grounds on the following basis:

> (i) prior art that is described by section 102(a) of such title (as in effect on the day before such effective date); or
> (ii) prior art that—
> (I) discloses the invention more than 1 year before the date of the application for patent in the United States; and

> (II) would be described by section 102(a) of such title (as in effect on the day before the effective date set forth in section 3(n)(1)) if the disclosure has been made by another before the invention thereof by the applicant for patent.

AIA Section 18(a)(1)(C).

2. Priority

The '486 patent was filed on October 17, 2005 and issued on November 23, 2010. Ex. 1001. The '486 patent is a continuation of application 10/037,007, filed on November 9, 2001, which is a continuation-in-part of application 09/231,745, filed on January 15, 1999, which is now U.S. Patent No. 6,324,526. *Id*.

Cohen was filed on March 30, 1999 and issued on July 23, 2002. Ex. 1004. Cohen claims priority to Provisional Application No. 60/079,884, filed on March 30, 1998. *Id*.

Flitcroft was filed on January 22, 1999 and issued on October 21, 2003. Ex. 1005. Flitcroft claims priority to Provisional Application No. 60/099,014, filed on September 9, 1998; Provisional Application No. 60/098,175, filed on August 26, 1998; and Provisional Application No. 60/092,500, filed on July 13, 1998. *Id*.

3. Analysis

Petitioner submits that Cohen and Flitcroft qualify as § 102(e) prior art references, assuming that the '486 patent receives the benefit of the earliest filing date, January 15, 1999. Pet. 15, 46. Although Cohen and Flitcroft were filed prior to the effective filing date of the '486 patent,

neither Cohen nor Flitcroft was published prior to the effective filing date of the '486 patent. As such, we agree with Petitioner that both Cohen and Flitcroft only qualify as § 102(e) references. Accordingly, neither Cohen nor Flitcroft qualifies as prior art, for a covered business methods review, under Section 18(a)(1)(C) of the AIA.

Petitioner does not direct us to any further evidence to demonstrate that Cohen and Flitcroft qualify as prior art under Section 18(a)(1)(C) of the AIA. Instead, Petitioner argues that the Board previously has instituted a covered business method patent review on the basis of a reference that qualifies under § 102 (e). Pet. 15, n. 6 (citing CBM2013-00008, paper 20, 20-21, 35). Nonetheless, Section 18 (a)(1)(C) of the AIA governs what qualifies as prior art in this proceeding, and in that earlier Board proceeding the Board issued a clarifying order, effectively amending the decision to institute and withdrawing the previously instituted ground based on the § 102(e) reference, reasoning that the reference does not qualify as prior art in CBM proceedings under Section 18(a)(1)(C) of the AIA. *See* CBM2013-00008, paper 24, 2-3.

Because Petitioner has not demonstrated that Cohen or Flitcroft qualifies as prior art under Section 18(a)(1)(C) of the AIA, we are not persuaded that Petitioner demonstrates that it is more likely than not that claims 1-15 and 22-30 are unpatentable as being anticipated by Cohen or Flitcroft. We similarly are not persuaded that Petitioner demonstrates that it is more likely than not that claims 16-21 are unpatentable as being obvious over Cohen or Flitcroft, and Musmanno.

III. CONCLUSION

For the foregoing reasons, we determine that the information presented in the petition does not establish that it is more likely than not that claims 1-30 of the ’486 patent are unpatentable and, accordingly, decline to institute a covered business method patent review of the ’486 patent.

IV. ORDER

For the foregoing reasons, it is

ORDERED that the petition is *denied* as to all challenged claims of the ’486 patent.

Case CBM2013-00058
Patent 7,840,486

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CERTIFICATE OF SERVICE

I, Rose E. Olejniczak, being duly sworn according to law and being over the age of 18, upon my oath deposes and states that:

Counsel Press was retained by Flachsbart & Greenspoon, LLC, Attorneys for Appellant, John D'Agostino, to print this document. I am an employee of Counsel Press.

On April 24, 2016, Flachsbart & Greenspoon authorized me to electronically file the foregoing Joint Appendix with the Clerk of the Federal Circuit using the CM/ECF System, which will serve e-mail notice of such filing on the following attorneys:

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Upon acceptance by the Court of the e-filed document, six paper copies of the brief will be filed with the Court, via Federal Express, within the time provided in the Court's rules.

/s/ Rose E. Olejniczak
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